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JOINT SUBMISSION

of

THE TRADES AND LABOR CONGRESS OF CANADA

and

THE CANADIAN CONGRESS OF LABOUR

to the

ROYAL COMMISSION ON CANADA'S ECONOMIC PROSPECTS

Ottawa, Ontario,  
February 27, 1956.





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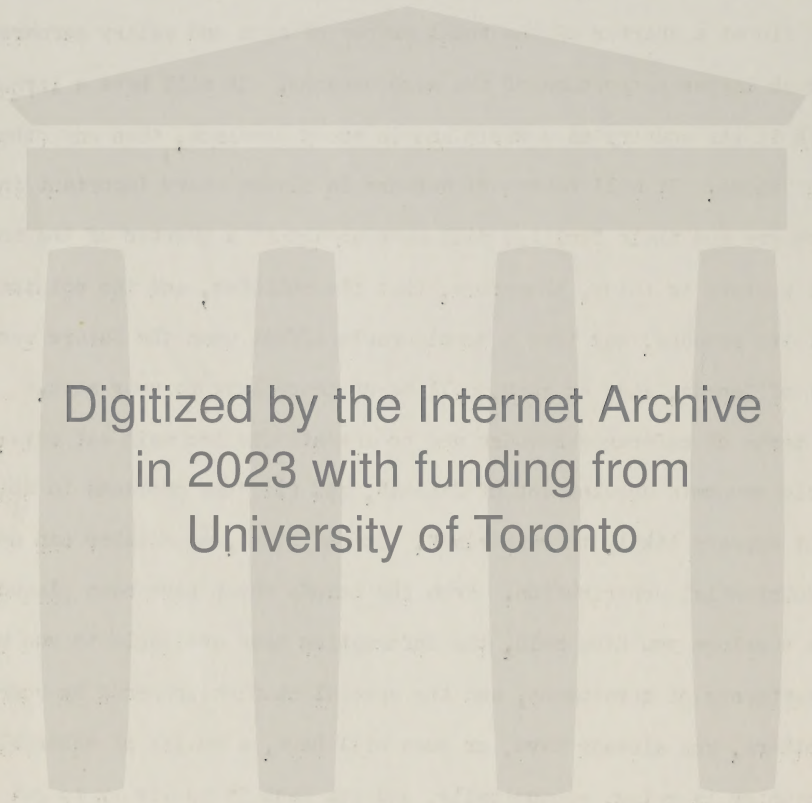
Mr. Chairman and Members of the Commission:

Within a few weeks, The Trades and Labor Congress of Canada and The Canadian Congress of Labour will unite to form the Canadian Labour Congress. The two existing Congresses have, therefore, decided to place their views before you in a joint submission. It need hardly be added that they welcome the opportunity of doing so.

The new Congress will have almost a million members. It will, therefore, represent almost a quarter of the total number of wage and salary earners of Canada, and a much larger proportion of the wage earners. It will have a larger membership, both in the country as a whole and in every province, than any other organization in Canada. It will represent workers in almost every important industry. Its members and their families will make up almost a quarter of the total population. We venture to think, therefore, that its policies, and the opinions and feelings of its members, may have a considerable effect upon the future economic development of Canada, and, as such, will be of importance to your work.

Your terms of reference require you to investigate two main subjects: (1) "the probable economic development of Canada", and (2) "the problems to which such development appears likely to give rise". To the first, we neither can nor need make any substantial contribution. From the briefs which have been placed before you, the hearings you have held, the information made available to you by the various departments of government, and the special studies prepared by your own staff and others, you already have, or soon will have, a wealth of material on where this country is going, economically, and how fast it is likely to get there. To this we can add little, if anything. On the second subject, the problems to which the development is likely to give rise, you have no doubt also amassed a wealth of material. But to this we can, we believe, add a good deal. We can also say a good deal on something not less important than where the country is likely to go and how fast it is likely to get there: where it ought to be going and how, and how fast, it ought to get there.

To put it another way: we are interested not only in the size and speed of our development, but in how the benefits of it are distributed; not only in the size of the future national income, but in who gets how much. We might find ourselves reading in the National Accounts of 1980 that our Gross National Product had doubled or even tripled since 1955: yet for large numbers of Canadians the standard of living might have improved very little. This is a kind of development organized Labour does not want and will not tolerate. We want not



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only the highest possible Gross National Product and Net National Income: we want also the highest possible standard of living for all ordinary Canadians. We want the largest possible national income, and we want fair shares.

That is one principle which ought to govern our economic development. There is another, even more fundamental: that economic development is not an end in itself but a means to the good life. Specifically, we believe that it is worth while to preserve and develop a free, independent Canadian nation, even at some economic cost. This does not mean economic self-sufficiency, which is an impossibility, nor political isolationism. We recognize Canada's responsibilities as a free member of the Commonwealth, of the North Atlantic Treaty Organization, of the Colombo Plan, of the United Nations and its specialized agencies, notably the International Labour Organization. We are not anti-American: we recognize and accept the uniquely intimate relationship of the Canadian and American economies, and the best proof that we do is the fact that the overwhelming majority of our members belong to international unions. This is a guarantee against chauvinism or narrow nationalism in the Canadian Labour movement. None the less, we believe that within the limits set by the nature of the world we live in, this country -- its Government, its industry and its unions -- should control its own destiny; and the best proof that we believe that is that our new Congress is to be an absolutely autonomous organization, affiliated to no organization outside the country except the International Confederation of Free Trade Unions, to which nearly all central Labour organizations in the free world are affiliated. This is a guarantee against "colonialism" or dependence in the Canadian Labour movement.

The whole existence of Canada, the whole idea of having a Canada at all, rests on considerations which are not purely economic. If the Fathers of Confederation had been governed by purely economic considerations, had followed straight economic, laissez-faire, Adam Smith, "free enterprise" reasoning, there would have been no Confederation. They would not have gone to Charlottetown, or from Charlottetown to Quebec. They would have gone to Washington, and asked to be let into the American Union.

But they wanted both to preserve and to unite certain historic communities, to preserve and unite them in a new nation; and they were prepared to pay an economic price for it. That is why they insisted on an Intercolonial Railway, built wholly in Canadian territory, though it would have been much cheaper to go straight through Maine, or to let the traffic of the Maritime provinces become tributary to the American railway systems. That is why they built the Canadian Pacific, wholly through Canadian territory, and risked bankrupting the new





Dominion to do it. That is why they adopted a protective tariff, significantly called the "National Policy", to promote the industrialization of the country. From a purely economic standpoint, all these actions were simply crazy. They make sense only in the light of a national belief that economics is not everything, that there are other and higher values, that we have in this country a nation that is worth preserving.

Why is it worth preserving?

First, because it is the only nation on this continent which has deliberately chosen not to break with its past, both French and British. The most important thing for Canadians about the American Revolution is that we refused to have anything to do with it. We deliberately chose to keep our roots, and draw nourishment from them, instead of tearing up as many of them as we could. We have repeatedly reaffirmed that decision, notably at Confederation.

This does not, of course, mean that we live in the past or make it our master. But it does mean that we value it and build on it. We look forward, not back; but we look forward with a consciousness of our heritage, a pride in it, a conviction that it has much to teach us.

Second, we are the only nation on this continent which has deliberately chosen to preserve not one heritage but two. The Americans deliberately chose to make theirs a country of one language and one culture. We deliberately chose not to.

But the heritage the Fathers of Confederation sought to preserve and extend was not only a French heritage and a British heritage. It was also the heritage of the historic communities on this continent in which those traditions were embodied: Lower Canada, Upper Canada, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland. They wanted to build a united Canadian nation, but by developing, not destroying, the parts. Nothing in the Confederation Debates is clearer than that the Fathers intended and expected that Confederation should benefit all parts of the new nation. They would have repudiated instantly, and with horror, any idea that one province, one region, or a group of provinces or regions, should progress, while the others stood still or fell back.

That is one reason why the Fathers rejected a legislative union of the provinces, and created a federal union. That is one reason why they gave the provinces considerable powers, and why later generations have (for the most part) accepted happily, even enthusiastically, the constitutional decisions of the Judicial Committee of the Privy Council, which have given the provinces far greater powers. It is also one reason for measures like the Crow's Nest Pass Agreement, which subsidizes Prairie wheat growers; the huge expenditures on the

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St. Lawrence-Great Lakes waterway, which subsidize both the Central and Prairie provinces; the Maritime Freight Rates Act, which subsidizes the Atlantic provinces; the subsidies and subventions on coal, which subsidize both Nova Scotia and New Brunswick, and Alberta; and for the vast grants, loans, subsidies and guarantees to railways, which have helped British Columbia, the Prairies, northern Ontario and Quebec, and, to a very limited degree, the Maritime provinces. The principle that no province and no region must be allowed to fall far behind the national average is also one reason for the tax-rental agreements and for the new Dominion proposals on taxation which are now being considered by the provinces. It is one reason why we have national, rather than provincial, unemployment insurance and family allowances and old age security benefits, and why the Dominion is paying half the cost of old age assistance, blind assistance and disablement assistance, and is prepared to pay half the cost of health insurance (or some instalment of it). The protective tariff itself has operated largely, though not exclusively, to build up the industries of the Central provinces; indeed, much of the assistance given to the rest of the country has been given to balance what the Central provinces got from the tariff.

The principle of a sort of national minimum has never been fully implemented; it has sometimes been more honoured in the breach than in the observance. But it is well enough established to rule out, from any consideration of Canada's economic prospects, any notion of letting any of the historic communities disappear or dwindle into insignificance; any notion of concentrating practically all the industry and people of the country in the Central provinces and Alberta and British Columbia, where, perhaps, purely economic considerations would put them. We do not say that purely economic considerations would necessarily lead to this result. But we do say that, even if they did, it is something Canada could not accept without being false to its whole tradition and the very law of its being.

If, then, Canada's future economic development is to be "Canada's" at all, these, we believe, are the principles which must govern it: fair shares, and the preservation both of the Canadian nation and of the provincial and regional communities which make up that nation. These are the principles which will govern us in the observations and proposals which we shall place before you.

*This is what the new  
franchise bill  
and the  
tariff*





### POPULATION

The second specific subject you are directed to "study and report" on is "the growth to be expected in the population of Canada and the changes in its distribution".

On the growth in total population, you doubtless have, or will have, before you a variety of projections or estimates, some of them, perhaps, "the substance of things hoped for", rather than objective forecasts or even enlightened guesses based on reasonable assumptions. We do not propose to try our hand at anything of the sort. The projections we have seen indicate a total population of about 17,500,000 to 18,000,000 five or six years from now, 19,000,000 to 20,250,000 nine or ten years from now, 21,000,000 to 22,750,000 fourteen or fifteen years from now, and 23,000,000 to 25,000,000 twenty-five years from now. All these figures are simply arithmetical calculations based on recent experience and certain assumptions about fertility rates and net immigration: lower, middle and upper values of fertility rates, and net immigration of from 30,000 to 100,000 a year.

Clearly, such figures have only a limited usefulness. No one really knows what is going to happen to the birth rate even five years from now, let alone twenty-five; still less what is going to happen to immigration and emigration. Both birth rate and migration will depend partly on how prosperous we are. Migration will depend partly on our own Government's policy, partly on other Governments'; partly on how many people we want to bring in and how successful we are in getting them, partly on how successful we are in keeping our own people here, and the immigrants, once we have got them. As migration is the only factor in the growth of total population over which Government has much control, and as it is of vital importance to Canadian workers, we think we should set forth plainly here what our Congresses' policy on this subject is.

First, we are not against immigration. We do not want to "keep all the milk and honey of the land of Goshen for ourselves". On the other hand, we are not in favour of simply shovelling immigrants into the country as fast as ships can bring them. Immigrants are human beings, not spare parts. They have to be brought into the life of the nation and the local communities where they settle. They have to be housed. If there are no jobs for them, they cannot be stored till they are needed.

Second, we do not think it is possible to lay down, in advance, a policy of bringing in this or that number of immigrants per year for the next five years, ten years or any other period. Too many factors in the situation may change, and change abruptly, and a figure which might be perfectly sensible for 1956 might be much too high or much too low for 1957 or 1958, let alone 1967 or 1968. Whatever else



our immigration policy must be, it must at least be flexible.

In short, we are in favour of an immigration policy based, as the present policy explicitly is, on the country's capacity to absorb immigrants. Unfortunately, it is not easy to say just what that capacity is, and far from easy to say what it will be five, ten, fifteen, twenty or twenty-five years hence. However, some things should be clear enough.

#### "Absorptive Capacity"

In the first place, we must rid our minds of two widely held false notions. One is the "lump of work" theory: that there is a fixed amount of work to go around, and that if we bring in more people, there will be just that much less work for everybody. The other is that population in itself means prosperity: that the more people we bring in, the richer everybody will be. Extra people are not just extra stomachs: they can mean extra production. But they don't necessarily mean extra production: an empty stomach is no customer unless its owner can pay for what he needs to fill it. During the depression we had thousands of people who were just extra stomachs. They could produce nothing and had to subsist on relief.

Second, the physical size of the country has almost nothing to do with absorptive capacity. Peopling a country is not like packing sardines into a tin. It is not even a question of how much a country can physically be made to produce. It is a matter of economic, not physical, capacity; not simply how much land or water we have, nor how much stuff can be got out of them, regardless of costs, but of how much it costs, and whether we can sell it, and for how much. "Absorptive capacity" is a matter of costs and markets. It is also a matter of the standard of living. If we're willing to drop our standard, we can support a much larger population than if we're not.

Third, for practical, economic purposes, Canada isn't nearly as big as it looks on the map. Even with the immense changes wrought in the last few years by new discoveries and the development of air transport, a good deal of this country is still economically worthless. Our great resources are not unlimited, nor do they necessarily provide a basis for a huge population. As the Dominion Statistician told the Senate Committee on Immigration and Labour in 1947, natural resources "are not economic assets unless they can be utilized." The tar sands of Alberta, for example, contain fabulous amounts of oil; but we still don't know how to get it out at anything like a reasonable cost. Exploitation of some still untapped resources must await the development of an effective demand for them.

#### Agricultural Immigration

Fourth, the possibilities of agricultural settlement are now very limited, and the heyday of agricultural immigration is certainly past. The Canada Year Book, 1955, p. 20, puts unoccupied agricultural land at less than 8 per cent of our total land area. This is about 180,000,000 acres, but it includes all land "that has





agricultural possibilities in any sense"; for example, 9,000,000 acres in the Yukon and the Northwest Territories. Dr. Watson, former chief of the Geographical Branch of the Department of Mines and Technical Surveys, says that the Mackenzie River basin compares very favourably in climate, resources and soil with Finland, which has a population of 3,500,000, with a fairly high standard of living. But again, physical resources are not the whole story; there are such things as transport, proximity to markets, etc.; also, Finland's standard of living is far below ours. The Year Book estimate also assumes that Ontario has twice as much unoccupied agricultural land as occupied, New Brunswick 1.9 times as much unoccupied as occupied, and Quebec and Nova Scotia considerably more unoccupied than occupied. Anyone who has even a nodding acquaintance with these provinces will have his doubts about the fitness of a good deal of this land for commercial farming. The late Professor Hurd told the Senate Committee in 1946 that of the Year Book's 180,000,000 or so acres, only about 27,000,000 to 29,000,000 were "reasonably accessible" and "regarded as physically suitable for agricultural settlement by experts in the provinces in which they are located." Allowing for land reserved by Quebec for its own "colonists," the figure would be only about 17,000,000 to 19,000,000 acres, which, "on the basis of land utilization practices in the regions in which they are located, might be expected to accommodate between 70,000 and 80,000 full-time agricultural settlers." Proposed Prairie irrigation projects might raise this to 83,000 to 93,000. These were "outside figures," and allowed nothing for resettlement of about 12,000 farmers then on sub-marginal land, or for native Canadians who might want to take up land.

Dr. Archibald, of the Dominion Department of Agriculture, puts land available for cultivation at 130,000,000 acres, with nearly as much more which could be used for grazing. But the same qualifications probably apply.

Of course present land utilization practices may change; they may have to. Dr. Dudley Stamp, in a recent book (Our Undeveloped World), reaches the conclusion that the real undeveloped lands, whose full exploitation offers the fairest prospect of a "minimum adequate diet" for humanity, are those of the United States, Canada and Argentina. Cultivated as Denmark is cultivated, he thinks, these could provide a big addition to world food supplies, an addition which will be increasingly needed. Immigrants may contribute materially to this development. Already they have reclaimed lands which native Canadians thought hopeless, and taken up successfully farms which native Canadians had abandoned. But, at least in the short run, there may be rather narrow economic limits to the application of intensive European farming methods; and even if they can be applied quickly, and on a large scale, and result in greatly increased production, it does not





follow that the number of people on the land, let alone agricultural immigrants, can increase anything like proportionately. Since 1947, the number of farmers in Canada has fallen about 18½ per cent, and the total agricultural labour force by about 27 per cent, while agricultural production has gone up considerably. Technological progress means that we can produce more and more agricultural products with less and less labour per unit, perhaps even with less and less total labour. Agricultural immigration will probably never again reach the proportions it did before the first great war.

#### Immigration and Industry

For all practical purposes, then, "absorptive capacity" means industry's absorptive capacity. This isn't by any means as simple as it looks. For one thing, it depends on what standard of living we propose to maintain; for another, on the effect of new discoveries and inventions; for another, on economic conditions outside Canada. The first point is obvious. Each of the others deserves examination.

New discoveries and inventions can cut both ways. Alberta oil and the chemical industries based on it have greatly increased Alberta's absorptive capacity. Alberta oil and the Diesel engine between them are cutting railway operating costs. But they are also striking heavy blows at the Alberta and Nova Scotia coal industries, making a lot of railway labour redundant, and forcing the scrapping of a lot of equipment for making steam locomotives. Alberta natural gas, piped to central Canada, might cut industrial costs there and make possible important new industries. But it might also strike another blow at Nova Scotia coal. Atomic power may mean big new industries, but it may also make some old industries obsolete. Development of new metals and new alloys may put old ones out of business, wholly or partly, or stop the expansion of the industries concerned. And there is also automation. This does not mean that the new discoveries and inventions are undesirable; it just means they aren't all necessarily pure gain; and they may involve considerable dislocations. It means also that we have to keep our immigration policy flexible, so that it can be quickly changed to meet conditions which may change almost overnight.

#### Canada Can't Be Self-Sufficient

Economic conditions outside Canada also can cut both ways. Canada still depends heavily on the outside world, notably the United States. We have the resources to produce, and have equipped ourselves to produce, far more wheat, pulp and paper, gold, nickel, copper, lead, zinc, asbestos and ingot aluminium than we could possibly consume, even with a vastly larger population at a vastly higher standard of living. We just have to export these things, and on a large



scale, or scrap a large part of our national economy and accept serious under-employment of much of our capital equipment, notably our grain elevator, railway and canal systems, power installations, and many of our big industrial plants, with a consequent rise in costs of production and in unemployment. On the other hand, there are still a lot of things we can't produce at all, or only in inadequate amounts and at very much higher costs than other countries: tropical food-stuffs, raw cotton, raw rubber, crude oil, coal, some specialized heavy machinery, etc. It is good business for Canada to exchange her own surpluses for other countries'; and the more she is able to do this, other things being equal, the larger the population she can support and the higher her standard of living. Anything that stops her doing it will correspondingly reduce her absorptive capacity and her standard of living.

#### Too Many Unknown Factors

So, even apart from the effects of new discoveries and inventions, any estimate of absorptive capacity must be highly tentative and temporary, and may be out of date within minutes after it is uttered or put on paper. The Americans may raise or lower their tariffs; they may increase or decrease their aid to Europe and Asia; they may raise or lower their defense spending; they may have a boom or a slump. The sterling area may have to impose fresh import cuts, or may be able to relax present restrictions on trade. The European dollar shortage may get worse, or better. Changes in the international situation might necessitate larger expenditures on defence, or permit reductions.

Some people will argue that if outside markets are so hard to get and keep, the thing to do is to bring the customers in here and make them into Canadians. There is something in this. But it begs several questions: first, whether we can get as many people as that fast enough; second, whether we can build houses and schools and hospitals fast enough to look after them; third, whether, if we do get them, and can house them, we can sell the things they can produce. For even with a big expansion of the home market, we shall still have to go on importing and exporting on a very large scale. We just cannot be self-sufficient, no matter how many people we have.

These considerations also underline the need for a flexible policy. Our absorptive capacity now is far bigger than it was even ten years ago. But it doesn't follow that it will go on increasing at the same rate. Since the war, Canada has been having what the London Economist rightly calls "two booms in one": rapid industrialization, and the discovery and development of "new and very rich primary resources of oil, power and, above all, of metals." Both booms have been going ahead at a prodigious rate, and still are. But they could slow down, or stop.





Like nearly everything else in the world, they depend very largely on the United States. They could survive a small, temporary recession in that country, but a crash, or a severe and prolonged slump, no.

Immigration and Emigration

Till recently, immigration was very largely offset by emigration. A table submitted to the Senate Committee in 1947 by the Dominion Statistician showed that in four of the decades from Confederation to 1941, emigration was actually larger

(cont'd)





than immigration, and that for the whole period 1871-1941, for every hundred people who came in, about ninety-three went out. Since the war, however, emigration has ceased to be anything like as serious a problem. For the years 1946-1955 inclusive, for every hundred people who have come in only about 45 have gone out. For the five years 1951-1955, for every hundred who have come in, about 38 have gone out. This improvement is, of course, a by-product of the two booms. But it might survive their collapse, for two reasons. It is a great deal harder than it used to be to get into the United States; and about the only reason our boom is likely to collapse is a collapse in the United States, which would make it both less attractive to go to, and harder still to get into.

#### Immigration and Housing

One big difficulty in the way of large scale immigration is the housing shortage. In the last few years we have been building housing at an unprecedented rate: some 230,000 units in 1954 and 1955 alone. But we have also been adding new families: about 161,000 in those two years alone. So it is probably safe to say that our total backlog is still over 400,000 dwellings.

Testifying before the Senate Committee in 1947, Mr. Collins, of the C.P.R., had his own robust answer to this part of the problem: "May I remind you that when our ancestors came to these shores, there was a very decided lack of housing facilities. In fact there was a complete dearth of practically everything which was required for even very simple living. But were our ancestors, who built this country with the sweat of their hands and back-breaking labour, downhearted? They were not. They stayed here and they worked from dawn to dusk with all their strength . . . . They created their own homes . . . . Brave people will not be stopped or hindered by obstacles but through courage and determination will use those same obstacles as stepping stones to opportunity and personal security." (Proceedings of the Committee, 1947, pp. 147-8.)

This is all very noble and heroic. It overlooks only a few trifling facts. The basic one is that the pioneer, frontier economy has now largely disappeared. Canada is now a highly industrialized country. Our ancestors came to a country of primaeval forests, from which it was possible literally to "create their own homes." The typical modern immigrant comes to a larger industrial centre. No matter how much "sweat of his hands and back-breaking labour" he is prepared to expend, he cannot simply step out of the railway station, cut down a tree or two, and hew himself a log cabin. There may be a few places where he can, but not many. Doubtless we are poor creatures by comparison with our pioneer ancestors; but our housing problem does not arise solely from our craven unwillingness to face hardships, and it will not be solved, either for us or for new immigrants, by exhortations to austerity.



### Conclusion

In our opinion, therefore, immigration policy needs to be related to housing policy and other social investment policy (schools, hospitals, etc.). Increasing immigration and an increasing shortage, or even a slowly diminishing shortage, of housing, schools and hospitals, just do not make sense.

Immigration policy must also be related to employment policy. The flow of immigrants must be adjusted not only to long-term manpower requirements but to short-term changes in the employment situation.

For these and other reasons, we have repeatedly asked the Government to set up an Immigration Advisory Committee, representing employers, workers, farmers, welfare agencies and so forth, to keep immigration policy and its administration under constant review, to consider changes the Government proposes, and to propose changes it thinks the Government ought to consider. The Unemployment Insurance Advisory Committee performs this function in connection with unemployment insurance, and, by common consent, has been most valuable. Its recommendations have often been compromises. That is democracy. The Government has not always adopted them. That also is democracy: the final decision must rest with responsible Ministers. But the compromises and the decisions have been based on more, and more informed, opinion than would have been possible without the committee. That also is, or should be, an essential element in democracy. Democracy is not just a matter of counting heads instead of breaking them. It is a matter of reasoned discussion. To such discussion, representative advisory committees can make a most important contribution. We still think such a committee should be established to deal with immigration questions.

### Distribution of Population

You are also directed to inquire into "the changes in the distribution" of Canada's population in the years ahead. This might mean either changes in age composition, or changes in geographical distribution, or both. We shall assume that it means both,

First, age composition. Here we are interested in the changing proportion of (1) children of school age; (2) old people; (3) people of working age. Are we going to be swamped by floods of children and old people who will have to be looked after by a smaller and smaller population of working age? What will be the effect of raising the school leaving age, or lowering the age of retirement, or both?

(1) Assuming that "children of school age" means from 5 to 14, it seems plain that the proportion will go up between now and 1960 or 1961, up again in 1965 or 1966, down a bit in 1970 or 1971, and down a bit again in 1975. The range





would be from about 19.1-19.8 in 1955 or 1956 to a high of about 21.3-21.6 in 1965 or 1966, and down to about 20.8-20.9 in 1970 or 1971. This means a fairly good-sized increase between now and 1960 or 1961 but nothing that seems to us very startling from then on. (All this, of course, is based on the arithmetical projections already referred to, and subject to the same cautions.)

Assuming that "children of school age" in the future might mean from 5 to 19, there is again a fairly good-sized increase between now and 1960 or 1961, a slight further increase from then to 1965 or 1966, and slight decreases in 1970 or 1971, and again in 1975.

(2) Assuming that "old people" means 65 and over, we find a probability of remarkable stability: about 7.4-7.8 of the population all the way through.

Assuming that "old people" may come to mean 60 and over, there is the same stability, with some tendency to rise a little in 1970 or 1971, and again in 1975.

(3) Assuming that "people of working age" means from 15 to 64, we find a slight drop in the proportion from now to 1960 or 1961, then slight rises, with perhaps a slight tapering off in 1975.

Assuming that "people of working age" means from 20 to 64, or 20 to 59, we find a larger drop from now to 1960 or 1961 (rather less than 4 per cent of the present percentage), and then comparative stability.

It is, of course, possible that what we consider small changes may seem more significant to others. But we are convinced that the changes which appear probable certainly do not warrant any alarm about the population of working age, however defined (within the limits we have indicated), being swamped by "children" or "old people". The size of the changes seems to us well within the ability of the Canadian people to manage, especially if, as seems probable, our productivity increases at any reasonable rate.

Second, geographical distribution. Here, the arithmetical projections suggest that by 1961 we shall have about the same proportion of our population in Newfoundland and in Quebec as in 1951 (a very slight increase in both cases), a lower proportion in the three old Maritimes (a drop from almost 9.0 to 8.5) and in the Prairie provinces (a drop from 18.2 to 16.8), and a larger proportion in both Ontario (an increase from 32.9 to 34.1) and British Columbia (an increase from 8.3 to 8.9). The four Atlantic provinces taken together appear likely to drop from about 11.6 per cent of the total to 11.1, and the two Central provinces to rise from about 61.9 to 63.2. In 1971, Newfoundland seems likely to hold its own, but the four Atlantic provinces together to drop to about 10.7 per cent of the total, while Quebec rises again very slightly to 29.2, Ontario to 34.9, and British Columbia to 9.7, with the

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Prairies dropping again to 15.5. The two Central provinces together would have 64.1 per cent of the total.

We are not convinced that these projections tell us much. Our own guess would be that in the absence of public policy deliberately aimed at changing the situation which would otherwise result from present economic development, Alberta and British Columbia would both get a larger share of the population than they have now; that Saskatchewan, unless, it gets into oil in a big way, would not get a larger share; that New Brunswick, because of the recent mineral discoveries there, might get a somewhat larger share; and that the North (Quebec, Ontario, the Prairie provinces and the Territories) would get appreciably more people, though perhaps not enough to raise its percentage of the total very much, and that Quebec and Ontario would retain pretty much the share of the total that they have now. Of course, new discoveries, or new advances in technology, might throw both the projections and the guesses out completely. All sorts of places that a few years ago were thought to have no resources worth bothering about are now known to be very rich, and many of them are in process of rapid development. Also, low grade ores which a few years ago would not have been worth bothering about are now amply worth while, partly because richer ores are becoming depleted, but also because new processes have made it possible to exploit the low grade ores economically.

We are inclined to think, however, that in any event, if things are left to themselves, industry and population will continue to be heavily concentrated in Quebec and Ontario, and largely in southern Quebec and Ontario, with much of the rest in Alberta and British Columbia; that indeed the concentration in the Central and far Western provinces may become even more marked than it is now. This we think undesirable..

Hitherto, our people have resided almost exclusively in a narrow ribbon of territory along the forty-ninth parallel, in the Great Lakes-St. Lawrence basin, and in the three old Maritime provinces. The new discoveries and new technologies, with the growth in population which we can reasonably expect, give us an opportunity to occupy Canada in depth. To some extent, economic factors will force us to do so: some new industries, at least, will have to go where the new discoveries are. But others will not, and they will tend to gravitate to the present areas of concentration, where they are close to the market, close to ample supplies of materials and labour, close to developed power; where they have good transportation and distribution facilities, and the general amenities of organized communities already provided. This is highly satisfactory for the particular industry; it may be very costly for the country as a whole, in a variety of ways.



We have been living through a period of unprecedented industrial activity. A great deal of this expansion has been taking place, however, in areas where population is already concentrated, and has been creating problems which on the one hand could be avoided and on the other hand will never be easy or inexpensive of solution.

Large cities have problems peculiar to themselves. Unfortunately, however, it seems that they are unable to avoid creating problems for themselves.

Once a city reaches a certain size, it appears that new industries wish to locate in or near it. A continuation of this process, however, must result in the attraction of further population to the city itself and the surrounding area resulting in increasing congestion and the straining of all civic facilities.

To cope with the traffic problem, to take just one of the problems faced by such a congested area, requires ever increasing facilities. For some of our cities the need for these traffic facilities has already passed the point where the city can afford to provide them without assistance from other Governments.

If new industries could be encouraged to establish themselves in smaller centres of population or new areas, many of these problems faced by larger centres could be avoided or minimized. The fact that some industries and branches of others have done this seems to suggest that such encouragement could be both fruitful and economically advantageous to both the industry and the community.

A careful look at the developing Canadian scene suggests that the only advantageous factor present in the larger centre which is not always present in the smaller centre is proximity to market. All of the other factors: power, transportation and distribution facilities— can be available in smaller centres at costs which compare favourably with those in larger centres or in some cases at lower costs. The proximity to market factor should be weighed against the steadily mounting municipal costs which can only be reflected as the years go by in rising municipal taxes.

The suggestion therefore of occupying Canada in depth, that is, spreading our population and our industrial activity more evenly within the present ribbon and out beyond it into the more northerly regions of the country, appears to have much to recommend it. The current and projected mining development in outlying areas as well as other activities could serve as a base for population movement into these areas and subsequent industrial development there.

Any evaluation of the suggestion that encouragement should be given to decentralization of our population and industrial activity, and to the development of Canada in the future along these same lines leading to the occupation of the





country in depth involves consideration of several factors: power supplies and their possible availability when and where desired, transportation facilities including railways, highways, airways and waterways, communications, schools and other local services.

#### Power Supplies and Energy Sources

It is not our intention to give an estimate of future power demand or of what energy sources will be used to supply it, but we would like to indicate how we feel these resources could be used to the best advantage of all.

In a recent speech, Dr. R.L. Hearn, Chairman of the Ontario Hydro, said that power demand which Hydro might have to meet in the next twenty-five years would approximate 23 million kilowatts or an increase over its present resources of about 20 million kilowatts. What seems to us to be even more important, however, is what energy sources may be tapped to provide the supplies.

Dr. Hearn predicted that this total power demand would be met as follows: 5.5 million kilowatts by hydro-electric stations, 10.6 million kilowatts by conventional fuel-electric stations and 7.5 million kilowatts from nuclear-electric sources.

Combined with his prediction that so large a proportion of future power supplies would be provided from nuclear energy sources was the assumption that nuclear-electric power will be more economical by 1965 than power produced by conventional fuel-electric stations (Globe and Mail, January 6, 1956).

While the Ontario future may not be repeated exactly in all parts of Canada (on the one hand all parts may not feel industrial growth to the same extent as the central region and on the other hand hydraulic energy sources may not be fully developed as quickly as in Ontario), it may be assumed, we suggest, that the use of conventional fuel-electric and nuclear-electric power sources will grow.

To the extent that these alternate power supply sources are developed and used, the decentralization of industry and population is possible. Wherever oil and other fuels can be transported, conventional fuel-electric stations would appear to be possible and the development of industry as a consequence could take place in such areas. In other centres and areas, it would appear possible to develop industry as a result of the provision of power from nuclear-electric sources.

From the standpoint of cost, it is worthy of note that Dr. Hearn's opinion is that nuclear energy will be at least competitive within ten years.

This raises certain important considerations: 1) the regeneration of the industrial and economic life of the Maritime provinces, 2) development of



industry in northern regions, and 3) industrial growth in the Prairie provinces thus gradually relieving these areas from dependence upon agriculture for their economic prosperity.

Of course, the attraction of industry from one area to another is not and cannot be determined by availability of power supplies alone. There are, we realize, other important considerations. One of these is transportation. Another involves the evaluation of overall social and industrial costs as between making use of existing local services or starting afresh in a new area or centre with a new plant and its capital investment plus the social capital investment in streets, sewers, water works, schools and so on.

These questions are raised again in the section on Productivity and Standard of Living, again from a different angle in the section dealing with the possible requirements of social capital.





PRODUCTIVITY AND THE STANDARD OF LIVING

The fourth specific subject you are directed to investigate is "trends in productivity and standards of living".

You have before you various figures on productivity. We do not propose to add to them. We have examined most, if not all, of the published material on the subject. We have attempted certain calculations of our own. We have reluctantly arrived at the conclusion that none of the figures are at all satisfactory; and this seems also to be the opinion of the Government's own statisticians. They have produced, as far as we know, no figures of their own on the subject, and they are exceedingly cautious in their comments on other people's.

We have neither the staff nor the money to do a thorough piece of work on this subject. Only the Government has. If anything like precise figures are desirable, and we think they are, then the Government, through the Dominion Bureau of Statistics or the Department of Labour, or both, should provide them.

The desirability of reliable productivity figures is, we think, much enhanced by the advent of automation. Everyone agrees that automation will increase productivity. But how much? From what to what? At present, the precise increase of productivity from year to year, in the economy as a whole or in any particular industry, plays only a small part in collective bargaining, because the amount in question is small. But if it suddenly rises spectacularly, then it may play a very large part, and it may be highly important to know just what magnitude is involved.

Automation

This whole subject of automation deserves an inquiry to itself. You have had evidence on this subject, though not, we think, a great deal. You have asked the Canadian Congress of Labour for a study of it, and the results of this will soon be before you. But the evidence is fragmentary, and the study necessarily incomplete. No trade union body in this country has the money, the facilities or the staff to make the thorough investigation which is really necessary. Even in the United States, where Governments, corporations, universities and unions are all alike immeasurably richer than here, and where immeasurably more has been written on the subject, there is general agreement that further research on a large scale is essential. Mr. John Diebold, for example, one of the foremost authorities in the whole world on this subject, told the recent Congressional Joint Sub-committee on Automation and Technical Change: "To my knowledge, no economic study has yet been undertaken to discover precisely how automation affects the structure of industry, the labour force, and human relationships. The significance of automation is widely recognized . . . yet of the precise nature of that significance little has



been said, for the simple reason that little is known, in a comprehensive, quantitative sense.

"The problem . . . is that we do not have the facts . . . . It seems to me highly desirable that we get these facts in the most expeditious way possible: through a thorough analysis of automation, based on a complete, factual industry-wide investigation . . . . National policy concerning education and training programs, retirement benefits, and unemployment compensation must be based upon such a factual and intimate understanding."

Mr. Diebold goes on to suggest a series of questions which need to be answered: "How does automation affect the stability of employment? How does automation affect the relative income shares of capital and labor? How are wages in automated industries altered relative to wages in non-automated industries? What is the process by which wage increases (or other benefits) in automated industries spread to non-automated industries? How does this affect interindustry competitive relationships (i.e., are there examples of companies forced to close all or part of their production facility because of inability to meet higher wage rates in an automated industry, or are these increases passed on in higher prices?)"

He proceeds: "It seems to me that there is, at this point, only one useful way of collecting, organizing, and analyzing the information necessary to such a study as that which I have proposed: a detailed case-by-case approach to a number of specific industries which are regarded as typical of the several kinds of automation practiced today. The schedule of industry and labor spokesmen to be witnesses to these hearings indicates, it seems to me, that the members of the committee also consider such an approach valuable -- although for the purpose of a factual study, of course, a much wider sampling would be required.

"There are a number of organizations -- foundations, Government agencies, universities, private consulting firms -- qualified to conduct such a study at the present time. Since the subject seems to fall naturally into certain divisions of major significance, the study itself might well be similarly divided among a number of specially qualified agencies. I should certainly think that some sort of Government sanction, official or otherwise, would prove an enormous advantage in obtaining the information required.

"A great deal of the necessary information might be elicited through detailed questionnaires and interviews; a certain part of it, however, would require considerable field work by personnel with a background in automation engineering. A likely approach would be to work, at least in the beginning, with the cooperation of automatic equipment manufacturers and engineering consultants who have worked in automation.





"Beyond the general issues I have already raised, I should like to suggest at this point a number of more specific questions which represent the kinds of information which should be gathered for such a study. For purposes of simplification, I have chosen to divide these questions into a number of impact areas: obviously no such division actually exists; whatever affects industry affects labor, and in turn, the entire community. By such arbitrary division I mean only to indicate the nature of the questions involved.

"I. Automation and industry

Answers to the key questions below must be sought by analyzing developments within particular industries.

A. What industries are using the techniques of automation?

B. How are these techniques being applied? What degree of the total production capacity may be described as automated?

C. How rapidly is automation being introduced? When did the industry (company) first begin consciously to automate? What current technological or economic development might affect the rate and/or degree of automation?

D. To what extent (in a given company) does automation permit the manufacture of goods or the performance of services not possible otherwise? To what extent does automation permit production of goods and performance of services now possible but with less labor and/or less capital? (See F-3.)

E. What industries not highly automated could be so, if present technological advances were applied? What has prevented the introduction of automation in these industries? Within highly automated industries, what companies have conspicuously not automated? What are the reasons given? How many companies avoid automation because they cannot afford the initial investment? Because they don't want to take risk?

F. How is industry structure being affected?

(1) Is there a tendency toward greater centralization or decentralization?

(a) Geographically?

(b) Administratively?

(2) How is company organization affected?

(3) Will expansion or contraction be the more likely results?

(a) What is the nature of cost savings made possible by automation?

(b) How are these savings reflected in pricing policies?

(c) How does the market respond to a lowering in prices?

(4) What happens to competition?



- (a) As a result of high capital requirements?
- (b) As a result of optimizing productivity?
- (c) As a result of patents?

(5) What is the prevalence of merger unions in automated industries as compared with nonautomated? How has automation affected the current trend toward product (or service) diversification?

(6) What changes in power and natural resource demands has automation caused?

## "II. Automation and labor

Because the effects of automation vary not only from industry to industry, but also from firm to firm, labor implications must be distilled from case studies analyzing specific instances.

A. In individual industries (company by company) how is employment affected?

(1) What change in total employment (of automated segment) of direct labor?

Indirect?

(2) What particular job skills have been made obsolete?

(3) What new job skills are required?

(4) What proportion of new job skills can be easily acquired by workers with obsolete skills?

B. How does automation affect the level and structure of wages?

C. How does automation affect job equity?

D. How are industrial-relations policies and hiring policies changed?

E. What are worker attitudes toward automation?

F. How has automation affected collective bargaining?

G. How has automation affected working conditions (Safety? Machine packing?

Increased responsibility? Improved work area?)

H. How have union jurisdictions been affected?

I. How has internal union organization changed?

## "III. The automation equipment industry

It has been estimated that in 1954 \$3 billion was expended on automation equipment; and that by 1960 the volume will expand to \$10 billion. What are the characteristics of this industry?

A. What is the nature of the firms producing automation equipment? What proportion are new firms? Of old firms, how great a part of the total production effort is involved? Does this represent a major diversification? How rapidly have firms expanded in this field? What is the incidence and nature of mergers?

B. What portion of total output is absorbed by military and/or defense needs? What is the role of the Government in purchasing, research, and product development?





C. What is the effect of patents?

"IV. Education and automation

Automation greatly increases the need for personnel trained in the design, construction, supervision, and maintenance of automatic equipment. It increases our already urgent need for more engineers, and imposes a special demand for a new kind of engineer --- the systems engineer. From top management to the semiskilled production-line worker, automation requires entirely new kinds of training.

A. What are the specific retraining and educational requirements of automation?

B. What kinds of training programs have been undertaken? By firms? By public schools? Private institutions? Unions? Equipment manufacturers?

C. Upon whom should the responsibility and cost of retraining fall? The worker? Company? Equipment manufacturer? State or Federal Government?

D. How has the present supply and quality of engineers and technical personnel affected the degree and rate of automation? Has a shortage of trained personnel discouraged any firms from introducing automation? How has this supply affected the development and production of automation equipment?

E. Does automation increase or decrease the range of jobs for which women are qualified?

F. What specific problems does automation raise for older workers? Is the nature of retraining necessarily too difficult for older workers? Have companies shown an unwillingness to retrain older workers because of the comparatively reduced return?

"V. Automation and the community

Beyond the challenge to the community implied in all the previous questions, automation suggests another special question of considerable significance. Labor leaders have consistently cited the shorter workweek as their next objective, after the establishment of the guaranteed-wage principle. J. Frederick Dewhurst, director of the Twentieth Century Fund, has estimated that by 1975 Americans will be working a 32-hour, 4-day week.

A. How will this increased leisure affect consumption patterns? How will this, in turn, affect the growth of service industries?

B. How will this affect the requirements of our transportation, educational, and recreational facilities?

C. Does it imply a need for basic changes in the nature of our primary-and secondary-school training? (I.e., Is it true, as some psychologists observe, that the majority of people in this country are not able to make effective use of increased leisure opportunities?)"



(Hearings before the Subcommittee on Economic Stabilization of the Joint Committee on the Economic Report, Congress of the United States, October 14-28, 1955, pp.12-14)

The Congress of Industrial Organizations, testifying before the same Sub-committee, proposed that the Sub-committee itself should make a continuing study of the whole subject, and suggested its work should include:

"1. Case studies

Such case studies should include the number of layoffs in the plant, by department, to reflect layoffs due directly to the installation of automation equipment or indirectly, through bumping, for example; types of workers laid off by sex, age, skill, job classification, and seniority; types of workers who have obtained new jobs in the plant, by sex, age, skill, job classification, and seniority; changes in job contents, job classifications, skills, and wage rates — including dilution of skills and wage cuts, as well as upgrading; provisions, if any, for re-training the work force; labor-management relations aspects — such as possible joint consultation in preparation for the installation of new equipment and continuing consultation to iron out problems; changes in rates of output, extent to which the new equipment is being used to fullest efficiency at the time of the study and what changes in employment, job contents, wage structures, etc., may be expected in the future as use of the equipment improves in efficiency; estimates of the cost of new equipment, rates of output, required size of work force, and wage rates, by comparison with previous type of equipment; experience of workers who obtain new jobs on new equipment, with special emphasis on the experience of older workers; experience of laid-off workers in finding new jobs, what types of jobs in relation to skills and wages, in same or different industries, in same or different communities.

"Attempts should be made to engage in on-the-spot studies before, during and after the installation of new equipment. An original case study should be followed up by further study or studies of the same plant, after a time interval, to obtain an adequate picture of the adjustment problems.

"2. Industry analyses

Analyses of specific industries which are not possible from regularly published available data — such as electronics industry or the radio and television industry alone — to include the extent to which automation equipment is now operating, as well as plans for the installation of such equipment in the next several years; comparisons of employment by type (production, maintenance, supervisory, clerical) with output, over periods of time; changes in composition of





work force; changes in man-hour output and in output per unit of fixed capital; changes in prices of goods produced by the industry; changing relationships among firms in the industry -- such as the effect of new equipment on the competitive advantage of individual firms; does automation in one firm or group of firms curtail output and employment in other firms; competitive position within the industry of smaller companies; changing geographic location of plants in the industry; impact on communities -- to what extent are old plants in the industry closed down and new plants built in new areas and the effects on old and new communities in terms of employment, unemployment, and general living conditions.

"3. Broad analyses of employment

Analyses of shifts in employment by broad industry and regional categories -- which industry groups and categories are growing, which are stagnating, and which are declining; shifts in types of employment, such as hourly paid workers, skilled and unskilled production workers, maintenance, supervisory, and clerical employees.

"4. Collective-bargaining provisions in relation to technological change

Studies of provisions in collective bargaining agreements in relation to the installation of new equipment -- such as joint consultation provisions, company-financed retraining programs, provisions for unemployed workers, such as guaranteed wage plans, provisions for severance pay in the case of laid-off workers, and other similar provisions, with sample clauses and estimates of the extent to which such provisions exist.

"5. Business investment

Studies of present and planned fixed capital investment by industry groups, in an attempt to obtain, if possible, estimates of expenditures for expanding output as distinct from replacement; expenditures for automation equipment, comparative costs of new equipment and old equipment, and comparative output of old equipment with anticipated output from new equipment; also, studies of technological changes and new machines, being introduced or planned for introduction, by industry group, for the next 3 to 5 years. Such studies should be based on studies of the capital equipment producing industries, as well as on the industries for whom the equipment is produced.

"6. Education facilities

Facilities for retraining present work force in new skills; facilities for training new workers in required skills; facilities for education of professional engineers, technicians, and skilled workers, number of such facilities, instructors, and students; quality of facilities and instruction." (Hearings



before the Subcommittee on Economic Stabilization of the Joint Committee on the Economic Report, Congress of the United States, October 14-28, 1955, pp. 147-8.)

In Canada, some of the investigation might not take as long as in the United States because automation has probably not gone as far here as there. But other parts of the work might, for the same reason, take longer; and a Canadian inquiry would have to consider problems which do not arise in the United States: problems raised by the fact that automation in Canada will have to take place side by side with automation in the much larger and richer United States. Some of such problems are: whether American automated industries with branch plants in Canada will think it worth while to automate in Canada, or whether they will close down here and supply the demand from their American plants; whether American automated industries will let us use their patents; whether we shall have to depend largely on the United States for our supply of automation equipment; whether higher pay in the United States will lure away all our brighter young scientists, engineers and technicians, and leave us simply unable to automate to any considerable degree because we shall lack the people with the know-how.

All these are reasons why we could not just take over the results of an American investigation of this subject, invaluable as they might be. And there are other reasons. Federal and state jurisdiction in the United States are not the same as Dominion and provincial jurisdiction here. For one thing, we have a single national system of unemployment insurance, where they have a wide variety of state systems with federal aid. For another, labour relations here fall much more under provincial jurisdiction than labour relations in the United States under state. For a third, our anti-combines policy is different from the American, partly because of the wider jurisdiction of our provinces in economic matters. Generally speaking, the central Government in the United States has more effective control of the national economy than our central Government here; so that measures which there could be effective without action by the states might here imperatively require action by the provinces.

#### Automation Policy

We do not yet know enough to formulate any complete, detailed national policy on automation. But we do know enough to see the shape of some of the problems that will arise, and to formulate some broad policies to deal with them as they do arise.

We do not know whether automation will cause mass unemployment. The answer will depend partly on the policies we adopt, not only automation policy, but full employment policy.





We do know, however, that, though 1955 production was higher even than in the previous peak year, 1953, unemployment in 1955 was also higher than in 1953. In 1953, people without jobs and seeking work (to take the smaller of the two official figures which give some indication of unemployment) averaged 137,000, or 3.3 per cent of the total supply in the labour market. (We use the supply in the labour market, the number of wage and salary earners plus people without jobs and seeking work, as the base, rather than the labour force, because the labour force includes employers, own account workers and unpaid family workers; but the unemployed consist exclusively of people looking for work as wage or salary earners. An unemployed employer, an unemployed own account worker, an unemployed unpaid family worker, are simply inconceivable. Whoever heard of anyone presenting himself at an Employment Service Office and asking for a job as an employer, or asking to be set up in business on his own account, or asking for a job as an unpaid family worker?) In 1955, the average was 230,000, or 5.3 per cent.

The averages, of course, conceal certain important facts: (a) that in the early months of 1955, unemployment was much worse than in the same months of 1953; (b) that in the summer and early fall the percentages were much closer; (c) that in November they were identical for the two years; (d) that in December 1955 the percentage was actually lower than in December 1953; (e) but that November and December 1953 were both bad months, compared with the same months in 1952.

None the less, the fact remains that, in 1955, despite a considerable falling off in immigration compared with 1953, the unemployment figures did not respond satisfactorily to the upsurge in production. And the prospects for the months immediately ahead give no ground for complacency. Judging by the experience of past years, it seems altogether probable that the March 1956 unemployment figures will show about 535,000 unplaced applicants and about 320,000 people without jobs and seeking work. This would be the third largest number of unplaced applicants for any March since the war. The two higher figures are March 1955, about 633,000, and March 1954, about 570,000, both notoriously bad years. The March 1956 estimated figure would be about 12 per cent of the supply in the labour market, compared with 15.0 in March 1955, and 14.0 in March 1954; an improvement, but not a very big one, considering that we are now in the midst of a boom, while in both the other years we were in a "recession" or "rolling readjustment". The estimated March 1956 total for people without jobs and seeking work would be below the March 1955 total of 401,000, but about the same as the March 1954 total of 321,000. As a percentage of the supply in the labour market, March 1956 would be about 7.2, compared with 9.5 in March 1955, with 7.9 in March 1954, and with 8.3 in March



1950, all bad years. This, again, is an improvement, but not a very big one, considering that in each of the other Marches we were in a recession, while this March we shall be in a boom.

It would be unsafe, on the basis of even a single year's experience, to say positively that employment as a whole is failing to keep up either with the increase in production or with the increase in the number of workers. But, on the evidence so far, it may be doing both, and the situation needs careful watching. Certainly it gives no ground for complacency, or for assuming that everything will come out right automatically, without anyone taking thought about it, or action on it.

Beyond doubt, automation will destroy some jobs. Beyond doubt, it will create others. This raises two problems.

First, the jobs it creates will not be the same as those it destroys. They will be a different kind, and they may be in different places. This means that <sup>the</sup> people displaced will have to be re-trained, or, if that is impossible, pensioned off or otherwise provided for. It also means that young people will have to be given a special kind of general education and special job training. We shall come back to this presently.

Second, the new jobs created may not be as numerous as the old jobs destroyed. There may not be enough new jobs to go round. Many people think there will. Some even think that there will be so much to do that without automation there wouldn't be enough workers to go round. No one really knows. That is one of the reasons why we urgently need a thorough and careful study of the whole thing.

What we do know is that if automation produces serious, even if temporary, employment problems, those problems will be solved much more easily if there are enough jobs to go round. In fact, that is putting it mildly. Training new workers or re-training old ones won't help much if there are not enough new jobs to be trained for. A highly qualified electronic technician, unemployed, is just as unemployed as the most completely unskilled labourer unemployed. In other words, full employment is an essential prerequisite for solving any employment problems automation may raise. In our view, it is essential anyway, regardless of automation. But it is, if such a thing is possible, even more essential if automation unemployment is to be piled on top of the other kinds we already have to cope with.

#### Full Employment

It is perhaps just as well to state plainly, at once, what we mean by full employment. We mean, as many jobs as there are workers. We do not mean that at any given moment everybody must have a job, still less that every worker must be guaranteed the particular job he has, or has been accustomed to. This would be





economic stagnation. It would also be completely impossible, under any kind of social system, or at any rate any kind that our people would tolerate. In any society that deserves the name of free, people must be free to change jobs. Industries must be allowed to grow and to decline, in accordance with technological change and changes in what people want. We cannot undertake to preserve a coal oil lamp industry in an electric light age, or a carriage and wagon industry in an automobile age.

It follows that in a free society, at any given moment, there will be some people out of work, even if the total number of jobs is exactly the same as the total number of workers. In the United Kingdom, at the moment, there are more jobs than there are workers to fill them; yet at no time in the last twelve months has the number of unemployed dropped below 184,000. Some people have just left one job and not yet found another, though they may do so within a few days or a few weeks. Some of the jobs available may require skills which the workers available do not possess. Some of the jobs may be in one part of the country while the workers available are in another. But if there are enough jobs to go round, then there is a general condition of full employment. This does not solve the unemployment problem, which may remain very serious: fitting the available workers to the available jobs, or getting the workers to the jobs or the jobs to the workers may be an enormous task. But it does provide the indispensable condition for solving the unemployment problem. If a general condition of full employment is present, solving the unemployment problem is a matter of detail; highly important detail, difficult detail, it may be, but detail still. But if a general condition of full employment is not present, if the total number of jobs is too small for the total number of workers, then even if all the right measures are taken to handle the detailed problems, there will still be an unemployment problem, and a wholly intractable one.

So the first thing we have to do if we are to cope with automation, if we are to make it serve the whole people of Canada, is to establish and maintain general full employment. This is primarily the task of the national Government, by the familiar measures of monetary policy, tax policy, tariff policy, public investment policy, deficit and surplus financing, Dominion-provincial financial relations, social security policy.

Part of the responsibility for maintaining general full employment also rests on the trade union movement. People outside that movement are often disposed to be indignant when it asks for continually higher wages. Actually, they should be grateful. If the trade unions did not continually press for higher



wages (with due regard, of course, to ability to pay), they would be derelict in their duty not only to their members but to the nation. The highest wages industry can afford are absolutely essential to the maintenance of consumer purchasing power, on which, ultimately, the whole economy depends. Automation makes it more than **ever** imperative that unions should never falter nor fail in demanding them.

#### Making Full Employment Real

Having enough jobs to go round is indispensable. But it isn't enough. It doesn't necessarily provide the jobs for the people who need them. The unemployment problem is a problem not only of the quantity, the number, of jobs, but also of the quality, the kind, of jobs, and where they are.

Let us look first at the question of the effect of automation and other technological advances on the kind of jobs.

Everyone agrees that automation will make some skills obsolete. Everyone agrees that it will create a demand for new skills. Everyone agrees that automated industries will need a smaller and smaller proportion of unskilled and semi-skilled workers, and a larger and larger proportion of professional and skilled workers. There will be a general upgrading of the labour force, and to a large degree the professional and skilled workers will be of new kinds.

Designing automated plants, designing and installing the machines, re-designing products for automation, will need a much larger number of electronics and "system" engineers than we have now. We shall have to produce a lot of new engineers and retrain a lot of old ones.

"Programming" the computers -- preparing their instructions -- is a difficult and complicated job, requiring the services of mathematically trained people. Management expects to need a lot of them.

Operating the computers and control systems is going to need a lot of trained people.

So will maintenance of automated offices and factories; and it will need new types of maintenance men: the combined mechanic-electrician, and the electronic technician.

In short, there will be many new job opportunities. There will also be a large supply of people to take advantage of them: the normal supply of young people, the unskilled and semi-skilled workers, the displaced skilled workers whose skills have been taken over by the machines.

But to bring the opportunities and the workers together, and so provide jobs, will require training and re-training. Government and Management





will have to do most of this, though union co-operation will, of course, be essential. The schools will have to give the young people their basic training: not so much training in particular jobs (which, with the rapid development of technology, may well be obsolete before the training is completed) as training in the necessary mathematics and other basic subjects which will enable them to understand the new jobs and quickly acquire the specific new skills in training on the job. Government, or Government and Management together, will have to do the same sort of thing for displaced workers. Management will have to undertake a large programme of systematic training on the job.

And while people are being trained and re-trained, they have to eat. So somebody will have to provide them with incomes. Government will have to provide more schools and more teachers of the necessary kinds. Government and Management together will have to provide more scholarships and bursaries, and loans at low interest or no interest for students capable of handling the new jobs. Management ought to provide maintenance for displaced workers whom it is re-training. That is a part of the social cost of automation which ought to be borne by those who introduce the new processes, for their own profit.

Re-training some of the oldest workers may turn out to be impossible, or impossibly expensive. The number will probably not be large. But whether they are many or few, these workers must be provided for. Their unexpectedly early obsolescence is another of the social costs of automation, and at least part of this cost also ought to be borne by management in the form of adequate severance pay. This should be supplemented by higher old age security payments, available at earlier ages, or by suitable changes in pension plans, or both.

#### Location of Industry

There is also the question of where the new jobs are. This is particularly important in Canada, with its vast distances and its two cultures. There might be enough jobs to go round. They might be the kinds of jobs which the available workers were capable of doing. And yet there might be a terrific amount of unemployment still, because the jobs were in the wrong places. It is not much use to the unemployed worker in Halifax to know that there is a good job, right up his alley, in Vancouver. It is not much use even to the unemployed worker in Regina to know that there is a good job, of a kind he can do, in Toronto. In both cases, it costs too much to move.

If this were the whole problem, it might be solved by assisted migration. But it isn't the whole problem. If the migration is on any considerable scale, it will involve scrapping a lot of social capital: houses, schools, hospitals, streets, water and gas and electricity supply systems, sewage systems.



Migration on any considerable scale from one region to another will also involve weakening one of the historic communities which we want to preserve.

Moreover, it is not merely a question of regions, or of historic communities of a single language and tradition. It is also a question of our two languages and two traditions. If it is hard for an unemployed English-speaking worker in Halifax to move to Vancouver, or even Toronto, it is doubly hard for an unemployed French-speaking worker to move even from Quebec City to Toronto. It not only costs him too much; he finds himself in a strange and difficult environment if he does move. The same holds good for an English-speaking worker in Brantford who hears that there is a good job, just his kind, in Quebec City. Assisted migration won't solve this problem.

Nor can it be solved by saying that we ought all to become bilingual. Desirable as that may be, it is also very difficult for ordinary people who have no occasion to use the other language. At the last Census, 62.2 per cent of the French-Canadians spoke French only, another 6.7 per cent spoke English only, and only 31.0 per cent were bilingual. Of Canadians of other origins, 95.9 per cent spoke English only, 0.4 per cent spoke French only, and only 3.8 per cent were bilingual. Clearly, even on the most optimistic assumptions, it is going to take some time to get a majority even of the French-Canadians bilingual, let alone a majority of the rest.

Besides, it is not just a question of language. It is a question also of institutions: school systems, hospital systems, the Civil Law and the Common Law, the special position of the Roman Catholic Church in Quebec. Even if we were all bilingual, these differences would remain. Most of us, English-speaking and French-speaking, want them to remain. We don't want to see Quebec made over into the likeness of Ontario, or Ontario into the likeness of Quebec, even a bilingual Ontario and a bilingual Quebec. We want to preserve the two traditions, the two cultures, the two sets of institutions. Wholesale migrations, either way, would upset a whole series of delicate balances, require a whole series of new and difficult adjustments.

If unemployment in Canada were neatly spread at a uniform rate (or even nearly uniform) across the whole country, then this part of the problem might be merely academic. But this is not so. On the contrary, unemployment is very unevenly spread. It is usually much the heaviest in the Atlantic provinces, and next heaviest in Quebec, and lightest in Ontario.

For instance, to take only one of the official indicators, the DBS "persons without jobs and seeking work", as a percentage of the supply in the





labour market. In March 1950, the percentage in the Atlantic provinces was 16.5, in Quebec 9.8, in Ontario 5.2. In June of that year, the Atlantic percentage was 10.2, Quebec 4.9, Ontario 2.2. In August, the Atlantic percentage was 6.4, Quebec 3.7, Ontario 1.6. In November, the Atlantic percentage was 7.6, Quebec 3.6, Ontario 1.6.

In 1953, from January to April inclusive, the Atlantic percentage averaged 8.1, Quebec 5.6, Ontario 2.8. From May to September inclusive, the Atlantic percentage averaged 4.1, Quebec 3.1, Ontario 1.5. For the last three months of the year, the Atlantic percentage averaged 7.1, Quebec 4.5, Ontario 1.5.

In 1954, in the first four months, the Atlantic percentage averaged 12.4, Quebec 9.4, Ontario 5.3. From May to September inclusive, the Atlantic percentage averaged 5.8, Quebec 5.9, Ontario 3.7. For the last three months of the year, the Atlantic percentage averaged 5.8, Quebec 6.6, Ontario 4.2.

In 1955, in the first four months, the Atlantic percentage averaged 12.1, Quebec 12.4, Ontario 5.7. From May to September inclusive, the Atlantic percentage averaged 5.5, Quebec 5.3, Ontario 2.5. For the last three months of the year, the Atlantic percentage averaged 5.8, Quebec 4.8, Ontario 2.7.

On the face of it, on a purely economic basis, it looks as if the sensible thing to do would be to help workers to go from the Atlantic provinces and Quebec to Ontario. But to do so would be to do violence to the essential spirit of Confederation, the very law of Canada's being, to strike at the very foundations of our institutions.

We do not for a moment suggest that there is no room for assisted migration. There may be a good deal of room for it, within the confines of a single region, or even, in some cases, from region to region. There may be cases where there is nothing else to do: where the only industry the place could support has collapsed, and where the specialized workers formerly employed in it can easily find employment in the same industry somewhere else, if they can get there. And we need hardly add that we do not favour any kind of restriction of voluntary migration anywhere in Canada. What we are objecting to as often economically wasteful, and socially destructive, is assisted mass migration, the artificially fostered transfer of large numbers of people which would have the effect of seriously weakening the region they left or the cultural community they were transplanted from.

It is, in our judgment, from every point of view much better, wherever possible, to bring the industry to the workers, rather than take the workers to the industry. It avoids waste of social capital, seen in its most acute form in



ghost towns. It avoids social disruption. It preserves communities with a valued and valuable tradition. And it may well be economic, from the point of view of the nation, though not from the point of view of the particular firm.

The particular firm, left to itself, will go where it will make the most profit. If that involves ghost towns, the cost does not, as a rule, even touch the firm directly. It is borne by the local property owners and tradespeople, the municipality, the province and perhaps the Dominion. If the building of the new plant involves/a whole lot of new housing, schools, hospitals, public utility services, and so forth, that also hardly even touches the firm, especially if, as often happens, it is given substantial exemption from local taxes. The cost of all these things is, again, borne by the local community and the province and perhaps the Dominion. In other words, there may be a marked discrepancy between the private interest of the firm and the public interest, even in pure economic terms; and if the private firm had to pay its share of the social costs involved in locating where it does, instead of being able to shuffle them off on to other people, it might make a very different decision. It might decide to go where labour and social capital and community services were already available.

All this becomes even more important in the context of automation. From Management's viewpoint, it may often be cheaper to build a completely new, automated plant than to automate an old one; and if it is building a new plant anyway, there may be excellent reasons, from Management's point of view, for building it somewhere else, perhaps a long way off. Lack of a large labour supply may not matter: the new plant may not need many workers. Lack of workers of established skills in the new place may not matter: the established skills may not be needed, and it may be easier and cheaper to start from scratch with new workers than to re-train old ones. Labour in an overpopulated, industrially underdeveloped region may be cheaper, at least at first, and some managements may jump at the chance of getting away from unions, or from a particular union.

Responsible managements presumably will not do this sort of thing. But experience shows that it would be rash to rely solely on managements' public spirit. Something more, some deterrents, some social control, will certainly be necessary.

#### What Unions Can Do

One thing unions can do is to press for the guaranteed annual wage. If putting the new plant in a new place means paying out substantial sums for mass layoffs, the toughest management will think twice, especially as the gains from building the plant elsewhere may be a bit problematical, while the cost of the layoffs, under the GAW will be certain and immediate.





The guaranteed annual wage has, of course, additional advantages in this context. It will make Management careful not only about the placing of its new automated plant, but also the timing. If Management has to pay for mass layoffs, it will try to introduce its new equipment at times when employment is booming and new jobs are readily available. In the absence of the GAW, it might suit its own convenience and profit, dumping the displaced workers in the lap of Government.

A further means of controlling the location of new, automated plants, is broader seniority provisions. Plant-wide seniority will no longer be enough. Company-wide seniority, with the company bearing the cost of moving workers and their dependants, is needed to prevent multi-plant employers from behaving irresponsibly.

#### What Governments Can Do

But unions, by themselves, will not be able to handle the whole problem of location of industry, automated or otherwise. For one thing, they may not have enough of the workers organized. For another, getting employers to accept the guaranteed annual wage and company-wide seniority takes time, and may take much too long. Governments will certainly have to step in to enforce social responsibility, and to see that the employer's private profit does not take precedence over the public interest.

Theoretically, they might do this in several ways. But in practice we think there are only four that are likely to be both acceptable and effective.

The first is to offer tax concessions or other financial inducements to firms to stay in, or go to, areas which might be officially designated as "special areas", areas from which the migration of industry was considered undesirable and to which the migration of industry was considered desirable. This would be like the policy adopted in the United Kingdom for dealing with "depressed areas" like South Wales.

Second, Governments, and particularly the Dominion Government, could channel their purchases to firms which stayed in, or went to, the "special areas"; and, with Government purchases on the scale which now prevails and is likely to prevail for as long as anyone can foresee, this could be a powerful instrument of persuasion.

Third, the Dominion Government could, as it has already in effect done, subsidize industry in "special areas" by subsidizing freight rates. This has been, and could be, particularly valuable to the Maritime provinces,



Fourth, the Dominion could, directly or indirectly, subsidize the provision of power in power-poor "special areas". It might do this by giving them priority on atomic power plants when these become an economic proposition, as they probably soon will. It might also do it by directly subsidizing large, economically sound, hydro-electric developments which are beyond the resources of the poorer provinces. This method of helping "special areas" would also be particularly valuable to the Maritime provinces.

The Special Case of the Maritimes

It will undoubtedly be objected that this last is something new: that the Dominion never has subsidized power developments. This is not strictly true. The Dominion has subsidized the coal industry. That is power. It is now proposing to subsidize the movement of natural gas from Alberta to the Central provinces. That is power. It is, in effect, subsidizing the provision of a large amount of hydro-electric power for Ontario at Cornwall by building the St. Lawrence Seaway, and it is quite prepared to do the same for Quebec at Lachine if that province wants it. That is certainly power.

But even apart from these points, the plea is disingenuous, to say the least. Of course, in general, the Central and Western provinces have not got Dominion help for hydro projects. They did not need it and they did not want it. They did need, and want, help in moving Western grain and building up Central industry and commerce, and they got it, full measure, pressed down and running over. The West, Ontario and Quebec got railways and canals, the canals built wholly out of public funds, the railways heavily assisted by gifts of money and land, loans, guarantees, tax concessions, and, in the case of the Canadian Pacific, monopoly privileges. The West also benefited largely from the canals built with public funds, and enjoys a huge subsidy in the form of the Crow's Nest Pass Agreement. Central Canada has had the huge, long-continued, indirect, concealed subsidy of the protective tariff, which has worked peculiar hardship on the Maritime Provinces. Both the Western and Central provinces have gained enormously from mass immigration.

The Maritime provinces do not want, or need, help in moving (or storing) their wheat. For all practical purposes, they haven't any. They do not want, or need, half a dozen extra railways. If they did, there would be ample precedent for giving them. They do not want mass immigration. What they do want and need is help with great hydro projects, and they are just as much entitled to it as the rest of the country to its railways and canals and tariffs. To say, "Help with railways and canals and tariffs and immigration? Oh, yes! By all means! Help





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with a hydro project? Good heavens ! Why we've never done that ! Out of the question !" is behaviour for which "disingenuous" is a very mild word.

We are not complaining that other parts of the country have got what they have from the national Treasury. But we do say that the Maritime provinces deserve their share, especially as they have paid their share of what has been given to the rest of the country.

The reply to this may be, "They've had it. Look at the Intercolonial Railway ! Look at the subsidies and tariff protection to coal and steel ! Look at the Maritime Freight Rates Act ! Look at the special subsidies !" All true, except the part about the Intercolonial, which we shall deal with in a moment. But add up all the rest and compare it with what other parts of the country have got, and the balance, we are convinced, will still be heavily against the Maritimes.

What about the Intercolonial? Many, perhaps most, people outside the Maritime provinces suffer under the delusion that that line was a sop thrown to the Maritime provinces by a generous Central Canada in order to induce Nova Scotia and New Brunswick to come into Confederation. This is, at best, only a very small part of the story. Undoubtedly the Maritimes wanted the Intercolonial, and wanted it to give them access to the markets of Central Canada, of which they had high hopes. But in the main, the line was an insurance premium for Central Canada against economic and military strangulation by the United States.

At the time of Confederation, and for long after, the people of British North America feared war with the United States, and with good reason. During the late spring, summer and fall, Central Canada could get British troops and military supplies by water direct to Montreal and Quebec, and could ship them on by rail to Ontario, but, until the Intercolonial was built, during the winter it would have been totally impossible to get either troops or supplies into Central Canada except by marching them through the woods and the snow from New Brunswick to Quebec, a formidable enough job even now, let alone then. With the building of the Intercolonial, it became possible to land troops and supplies at Halifax and bring them quickly by rail to Central Canada and thus enormously increase the security of that section of the country. Incidentally, it was because the Railway was largely for defence purposes that the line was built as far as possible from the American border which, of course, increased the cost.

The Intercolonial was also built as insurance for Central Canada against economic strangulation. At the time of Confederation, Central Canadian



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manufacturing was not highly developed, and the old Province of Canada imported most of its manufactured goods. Moreover, it imported most of them from England. That meant that during nearly half the year, when the St. Lawrence was frozen, the imports had to go through American ports and up to Canada by rail. If they had had to pay both the American duty and the Canadian duty, the wretched consumer in the Province of Canada would have been nicely skinned, but the Americans allowed them to go through in bond. However, during and after the Civil War they got so annoyed with the British Empire that they began to threaten to cancel the bonding privilege. The people of the Province of Canada were, naturally, horribly alarmed. With the Intercolonial, however, they could bid defiance to the Americans for they could import the British manufactured goods through Halifax and Saint John and bring them up here by rail.

There was also, of course, the fact that the Americans were threatening to cancel the Reciprocity Treaty (as, in fact, they did in 1866), and that Central Canada was looking for alternative markets, some of which it hoped to find in the Maritime Provinces, to which the Intercolonial was necessary to give it access.

All this may sound like special pleading for the Maritime provinces. It is not. It is a plea for a fair share in national prosperity for a region which made enormous and essential contribution to the founding of the Canadian nation, which has always paid its share of the costs of national development, but which has never got its fair share of the proceeds, and deeply resents it. It is no answer to say that the Maritime provinces are now more prosperous than ever before. So they are. So is most of the rest of the country. But the Maritime provinces are not only still far behind the rest of the country, economically, but have been, in general, falling farther behind since the end of the war. (We can furnish abundant statistical evidence of this, if required.) It is not good for Canada that any region should be in this position. We suggest that the Maritimes should be rescued from it by being declared a "special area".

Where it is impossible, or impossibly costly, to bring industry to the workers, which, as we have said, is the ideal policy, then Governments should help workers to get to the industry. We are not proposing unlimited subsidies, direct or indirect, for uneconomic location of industry. We are proposing that all the economic factors, not just those that concern private firms directly, should be taken into account, and that, to a reasonable degree, non-economic factors should also be taken into account.





Seasonal Unemployment

There is one further problem that must be solved if we are to make full employment real. We must not only have enough jobs, and the right kind of jobs, and in the right places, but we must have them at the right time. In other words, we must reduce seasonal unemployment to a minimum. This is obviously a large undertaking, with a climate like ours, and with the ups and downs in demand which result from consumers' habits of concentrating their spending at particular times of the year (such as Christmas and Easter). This whole question has been the subject of a careful investigation by the National Employment Committee and the Department of Labour, an investigation which produced a series of useful recommendations. The Dominion Government has been putting into effect the recommended changes in its own buying, building and maintenance policies, and has been pressing upon Management and consumers, and presumably upon the provinces and municipalities, the desirability of doing likewise. We welcome what has been done. We hope the efforts to deal with this problem will be pursued with unflagging and even increasing energy.

Dominion-Provincial Finance

We have said that one of the factors in creating and maintaining a general condition of full employment is Dominion-provincial financial relations. Into the technicalities of this subject we have no desire to enter. But there are certain broad principles which we think ought to guide national policy in this field.

First, the Dominion must have enough taxing power to enable it to control the trade cycle. This has to be done. No other Government, or combination of Governments, can do it.

Second, all the provinces must be placed in a position where they can carry out the responsibilities assigned to them by the Constitution, and give their citizens approximately the same services as those of the richest provinces. No Canadian citizen should have to accept inferior education or social services simply because he happens to live in New Brunswick or Saskatchewan, for example, rather than Ontario or British Columbia. In practice, this means that the poorer provinces must get help from the national Treasury, enough help to enable them to do this. This, in turn, means that the national Treasury must have enough taxing power to enable it to collect the necessary revenues.

This second principle carries with it a consequence which some people

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find not only startling but absurd, namely, that Quebec should receive substantial payments from the national Treasury. Surely Quebec, with its immense resources, is not a "have-not" province? The answer is, yes: for these purposes it is. Its resources are immense; but it is not resources which are in question. Quebec's standard of living is well below Ontario's or British Columbia's. Its people cannot afford to pay taxes on the same scale as the people of Ontario and British Columbia. But they need services on the same scale. So they must have help from the national Treasury. It is not a matter of resources. It is a matter of taxable capacity and fiscal need.

Third, any arrangements that are arrived at must be most scrupulously careful to respect to the highest possible degree the autonomy of the provinces within their constitutional sphere. They must also take into consideration both the economic and non-economic elements concerned. We do not want to see Canada Balkanized, made into a League of ten sovereign States, merely associated in a Canadian Commonwealth of Nations.

We want one nation, but one nation which respects and cherishes the historic communities of which it is made up, one nation which respects and cherishes the two traditions upon which it rests. We want to preserve and develop a federal system which serves the whole nation and all its parts.

*And the whole thing is to be done in a way that will be acceptable to the people of the whole country.*





PROCESSING OF RAW MATERIALS IN CANADA

We need hardly say that we are in favour of as much processing of our raw materials in Canada as possible, rather than exporting them in the raw. This has, indeed, been a basic principle of Canadian policy at least ever since 1879, when Sir John A. Macdonald introduced the National Policy. It has not always, perhaps, been fully applied. But we think that now very few Canadians question it. They may differ about its application, or its applicability, to this or that particular industry; but very few of them will seriously maintain that we ought to be a nation of hewers of wood and drawers of water.

We recognize that the principle is not always easy to apply. Where Canada itself offers a sufficient market for the finished product, there can surely be no question that the raw material ought to be processed here, not exported. Where Canada has a virtual monopoly of the raw material, and the importers must, therefore, get either the raw material or the finished product from us, or do without (or cut down their consumption to an intolerable degree), again there can surely be no question that we should, in general, insist on processing the raw material here. In both cases, external control of the raw material here may militate against this development: the outside owners, with heavy investment in processing facilities in another country (usually the United States) will be understandably reluctant to scrap it and build here; but that is no reason why we should tamely acquiesce in their policy. Of course, we have to exercise ordinary prudence and show ordinary good faith in dealing with the situation. After all, these people have sunk capital in developing the source of raw materials here, and probably without any warning that they might some day be told they had to stop exporting the raw product and start processing it here. They are entitled to be given a reasonable time to wind up their investments at home and make the necessary new ones here. Also, we have to be careful that our external customers are not goaded into developing a substitute which will make our product superfluous, or provoked into reprisals that would more than outweigh any benefit we could get from the extra processing of the particular commodity here. But, when we have made due allowance for these factors, then we should take measures to give this country the full benefit of its virtual monopoly position.

*What  
should  
we  
do?*



The real difficulties arise in cases where the Canadian market is not big enough to absorb our whole production or anything like it, and where we do not enjoy a monopoly of the resource or anything like it. In such cases, we usually find that the Americans will let the raw material in duty free, but impose a stiff tariff on the finished product. In these circumstances, if we insisted on having the raw material processed here, the result would simply be a processing industry and an extractive industry big enough to supply the small Canadian market, and the closing down of the rest of the extractive industry in question. If the exports of the raw material had been at all considerable (and if they were not, the game would not be worth the candle, the policy would not be worth applying), the loss would certainly be greater, probably far greater, than the gain.

If, as sometimes happens, we are both exporters and importers of the raw material in question, then the result of insisting that all the raw material be processed here would probably be: (1) that the Americans would cut off the supply of the raw material they were sending us; they would have to; they would need it themselves (this might, incidentally, raise problems of compensation; for in some cases the Canadian importer owns the American extractive industry, or a big share in it); (2) our own extractive industry would fill the gap thus created; (3) the rest of the extractive industry formerly producing for export would close down; and (4) but, again unless the exports of the raw material had been very small (in which case, again, the game would not be worth the candle), the gain from the extra processing industry would be smaller, probably much smaller, than the loss from the closing down of most of the extractive industry.

We are not in a position to offer specific proposals for this, that or the other industry. We understand that you have commissioned thorough, detailed studies of a series of industries. We are confident that such studies will deal with this problem, among others. We hope, and earnestly urge, that, wherever the expert studies show that its application is warranted, you will recommend the fullest possible processing of Canadian raw materials in Canada.

#### Canadian Power for Canadian Industries

There may be difficulties, qualifications, exceptions, about a





policy of processing Canadian raw materials in Canada. But almost everyone would agree that even if we have to let the Americans have our raw materials, and let them process them in their own country, not ours, we do not have to let them have our power either to process our raw materials or their own, or to develop their own extractive industries, especially when these are competing with our own. Certainly, as far as hydro-electric power is concerned, this is definitely national policy, and it has been consistently applied, notably, most recently, in the veto, by the Dominion Government and Parliament, on the export of British Columbia hydro power to the Kaiser interests; a veto which, we think, has had the overwhelming support of Canadian public opinion.

We think this is the right policy. We think it is the right policy not only for hydro-electric power but for other kinds of power as well. Coal we do not export in any appreciable quantities, so no question arises there. In oil, we are still very far even from supplying our own needs, and our exports are small, so there also no question arises. Natural gas, however, is in another category altogether, and here it does not seem to have occurred to our national Government that the policy adopted long ago for hydro power, and steadfastly adhered to, has any application at all. Indeed, it does not seem to have occurred to the Government that the policy of Canadian control of the lifelines of Canadian economic existence, long ago adopted in the building of the C.P.R., has any application either. "Aussi longtemps que je vivrai et que je serai dans le ministère", said Sir Georges Cartier, "jamais une sacrée compagnie américaine n'aura le contrôle du Pacifique"; and Sir John A. Macdonald, as Professor Creighton's recent biography has made abundantly clear, staked his whole political career on that principle, fought for it in season and out of season, through good report and evil report, fought against what must have seemed hopeless odds, and finally triumphed. If he had not, none of us would be here to-day; and if Canadians to-day are not prepared to make the same fight, against much smaller odds, for Canadian control of our natural gas, the future economic development of Canada will be severely and quite needlessly handicapped, a heaven-sent opportunity will be irretrievably lost, and we shall find ourselves in the position of watching American industry grow fat, at the expense of our own industry, on our cheap gas power.



These are strong statements. We fear there is only too much ground for them, only too much need to make them, and make them in words as arresting as we can find.

We think the line ought to be built in Canada. We think it ought to be controlled by Canadians. We think it ought to be publicly owned. We think the gas should be made available first to Canadians and Canadian industry, and that we should export only what we do not need ourselves.

The present proposal meets only one of these requirements: the line will be built in Canada. But it will not be controlled by Canadians. It will be, in the beginning mainly, and in the end wholly, privately owned. And the gas will not be made available first to Canadians and Canadian industry, but, on the contrary, first to Americans and American industry, and at bargain prices at that.

There is something to be said for a pure "economic" line, taking the shortest route from the gas fields to the biggest market, New York and other northeastern States, regardless of whether that route runs through Canadian territory. This would undoubtedly be the cheapest line to build, probably about 15 per cent cheaper than an all-Canadian line. It would probably be the one which, other things being equal (that is, provided they were able to drive a reasonable bargain with the Americans), would bring the largest returns to the Alberta producers. But it would do the rest of Canada precious little good.

There is also something to be said, on purely economic grounds, for a line controlled by Americans, especially if we adopt the policy of the pure "economic" line, but perhaps also even if we don't. If we can't get the money elsewhere, except after long delay, it can be argued that it is better to get it from the Americans and build the thing quickly, even if that means American control. But if we can get the money elsewhere within a reasonable time, then this argument falls to the ground.

There is also something to be said for having the whole line built and run by private enterprise. The northern Ontario section will be, admittedly, very costly and uneconomic. If private enterprise is prepared to foot the bill for that, as well as for the part that will be cheap to build and profitable to operate, why not let it? Why get the Government into the head-





aches of running another big business? Why get it into the further headaches of having to negotiate, as it probably would, with five provincial Governments to set up a joint Crown corporation? True, a Crown corporation could raise capital more cheaply than private enterprise. True also, the Crown corporation would not have to pay income tax or sales tax. True, further, handing the whole thing over to a private corporation would give that corporation enormous power over other industries, power which it might be very hard to control. True, finally, that most of the provinces appear to have decided, on the basis of experience, that public ownership is the best way of handling electric power, and handing gas power to private enterprise would mean reversing a long trend, and in effect, disregarding the lessons of experience. Still, especially in a country whose people apparently remain convinced that, in general, private enterprise is the best way of handling business, none of these arguments would necessarily be decisive; all of them together would not necessarily be decisive.

But the proposal actually accepted by the Government of Canada appears to us to make the worst of all these worlds. It does not provide for a pure "economic" line, and we agree it should not. It does not provide for a pure private enterprise line, and we agree it should not. It provides for a line built wholly in Canadian territory, the cheap and profitable part by private enterprise, the costly and unprofitable part by public enterprise, and the whole thing controlled by the Americans primarily for the Americans; and it doesn't even guarantee that we shall get the line, such as it is, quickly; on the contrary, it holds out every prospect of a very long delay, while the scheme winds its way through the mazes of the hearings before the United States Federal Power Commission.

Specifically, what is the present proposal, and what is wrong with it?

The present proposal is this;

(1) Most of the line is to be built by Trans-Canada Pipe Lines Limited. The northern Ontario section, 675 miles of line east from the Manitoba border, is to be built by a Crown corporation jointly owned by the Governments of Canada and Ontario. This section is to be leased to Trans-Canada for twenty-five years at a rent which is supposed to "recompense the

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Crown company for its full costs plus a normal investment return on its money during the term of the ... lease ... Trans-Canada undertakes to purchase the Northern Ontario section as soon as it can arrange the necessary finances, and has an option to purchase the section at any time. The purchase price is to be the total capital cost to the Crown corporation, minus credits to depreciation arising from rental payments. But purchase price is to be not less than the higher of either (a) total capital cost less amortization at  $3\frac{1}{2}\%$  per annum plus interest thereon compounded at  $3\frac{1}{2}\%$  annually, or (b) 70% of the original capital cost" (Financial Post, November 26, 1955, and January 14, 1956). The estimated cost of the whole line is about \$375,000,000; of the northern Ontario section, \$117,633,000 (of which the Ontario Government is to provide \$35,000,000, the Dominion Government the rest) (Financial Post, November 26 and December 3, 1955).

(2) The proposed line is to have a diameter of 34 inches from Alberta to Winnipeg and Emerson, Manitoba, and 30 inches from Winnipeg to eastern Canada.

(3) Trans-Canada Pipe Lines was originally formed as a wholly owned subsidiary of Canadian Delhi Oil Limited. In 1954, it merged with Western Pipe Lines. In the revamped company, Canadian Delhi Oil held 50 per cent of the shares and the former shareholders of Western Pipe Lines 50 per cent. Canadian Delhi Oil Limited is a wholly owned subsidiary of Canadian Delhi Petroleum Limited. Canadian Delhi Petroleum Limited is 73.8 per cent owned by Delhi Oil Corporation of Texas. The former shareholders of Western Pipe Lines included the Calgary and Edmonton Corporation Limited, which had one American director (presumably indicating an American interest), and International Utilities Corporation, which is an American company. (All these facts from Financial Post Survey of Oils, 1955, and Financial Post Survey of Industrials, 1955.) So far, plainly, Trans-Canada Pipe Lines Limited was controlled by American interests. Canadian Delhi, American-controlled, held half the stock, and International Utilities another  $12\frac{1}{2}\%$  per cent (Financial Post, November 26, 1955).

Later, however, Tennessee Gas Transmission acquired a one-third interest, and International Utilities' share "will be reduced to around 7%" (Financial Post, November 26, 1955). The Dominion Government has also





declared that more than half of the common stock is to be available to Canadian investors. Mr. Symonds, President of Tennessee Gas, was reported as having said at Calgary, on December 7, that his company did not seek more than a 50 per cent interest in the line. It was later explained that he had been misinterpreted: that he had meant that 50 per cent was the intended eventual share of all the American companies involved, not Tennessee alone, and that when the permanent financing was carried out, Tennessee's interest would be reduced "so as not to exceed one-sixth" (Charles Woodsworth, Toronto Star, January 9, 1956).

None of this, however, alters the fact "that American interests will still be in the driver's seat so far as control over the Trans-Canada company and its policies goes.

"Even if the U.S. companies which already have a financial interest in Trans-Canada limit their participation to 50 per cent. there is nothing to prevent other American buyers from purchasing Trans-Canada company stock when it goes on the market.

"Nor is there anything to prevent the U.S. group already involved from buying still further amounts of common stock through Canadian subsidiaries or agencies. Purchases of this kind would appear as participation by Canadian investors, but real ownership would rest with the American interests in the background.

"Moreover, if genuine American participation were in fact to be limited to half, a 50 per cent. block of common stock of the kind the present participants are proposing to give themselves means in itself effective control. As many stockholders are invariably absent from meetings which appoint directors, a tightly knit group which may control even less than 50 per cent. of the voting stock is not infrequently in a position to direct company policies." (Charles Woodsworth, Toronto Star, January 9, 1956.)

(4) Trans-Canada has an agreement with Tennessee to deliver 200,000,000 cubic feet daily (some 40 per cent of the total gas available) to Tennessee at Emerson, on the Manitoba-United States boundary, at, it is understood, a price of 24 or 25 cents per thousand cubic feet. There is also alleged to be an understanding with the Dominion and Alberta Governments that Tennessee will have first call on any further gas declared "surplus" by the



Alberta Government. (Charles Woodsworth, Toronto Star, September 27, 1955.)

(5) Trans-Canada Pipe Lines has undertaken to sell 100,000,000 cubic feet of gas to the United States at Niagara on contracts terminable on a year's notice at 36 cents per thousand cubic feet (Charles Woodsworth, Toronto Star, September 27, 1955). The price may even be as low as 34 or 35 cents.

What is wrong with all this?

(1) The whole line could have been built much more cheaply by public enterprise. Public enterprise can raise money more cheaply. Public enterprise does not have to pay income or sales taxes. Public enterprise can amortize the thing over a period of forty years instead of private enterprise's twenty. Public enterprise's carrying charges would, therefore, be just about half those of private enterprise: 6 to 6 $\frac{1}{2}$  per cent, against 13 or 14 per cent. The consumer would get the benefit. (Incidentally, a minor beauty of the present scheme is that it would involve selling Quebec Hydro's gas distribution system to this same Trans-Canada Pipe Lines Limited (le Devoir, January 27, 1956).)

(2) Trans-Canada Pipe Lines will buy the northern Ontario section at a price which will not leave the taxpayer out of pocket. But by that time, the probability is that the value of that section will be far greater than the amount it cost the Governments to build. Trans-Canada will, therefore, get the section at much less than its value, and much less than it would have cost Trans-Canada to build. This would be all right, as far as it goes, if it meant that Trans-Canada's rates would be correspondingly lower. But there is no indication of anything of the kind; on the contrary, there is every indication that they will not. So, while the taxpayer will not be out of pocket, the concealed subsidy he will be paying the private company will not be passed on to the Canadian consumer, who will be out of pocket.

(3) A 34-inch line is the most economical one to have. This is what Trans-Canada will have as far east as is necessary to provide for its exports to the United States at Emerson. Indeed, the 34-inch line can carry far more than the 200,000,000 cubic feet which are to be exported at Emerson, under the agreement; and it needs to be able to carry far more, because





Tennessee needs at least 400,000,000 cubic feet at Emerson to operate economically and to get the necessary permission for its scheme from the United States Federal Power Commission. That is why it seems highly probable, to say the least, that Tennessee is counting, and has good reason to count, on getting far more gas than the approximately 300,000,000 cubic feet it has under the agreement as it stands.

The 30-inch line which is to serve Central Canada can carry more than the 300,000,000 cubic feet (60 per cent of the total) which will be left after the 200,000,000 cubic feet have been taken off to Emerson and the United States at Winnipeg. At the start, indeed, there will not be a big enough Eastern Canadian market to take all that even this 30-inch line can carry. But once that market had been built up, as it could be, by the industrial contracts which Trans-Canada is not seeking (see below), the 30-inch line would not be able to carry all that the Eastern Canadian market would be able to take. A 34-inch line would carry 40 per cent more gas, but would cost only 6 per cent more to build. If, subsequently, more gas becomes available for Central Canada, Trans-Canada will have to "loop" its line, that is, build a second one. This, of course, will cost much more than building a 34-inch line now. The company would then be in a position to go before any regulatory Commission and ask for an increase in rates to cover its new and much larger investment; and the Commission could scarcely refuse.

Plainly, Tennessee is interested only in getting Canadian gas cheap into the highly profitable American market, especially New York and the other northeastern states; and Trans-Canada is interested only, or mainly, in getting into the high-price Canadian domestic-consumer market. Neither of them is much, if at all, interested in providing gas for Canadian industry at reasonable prices.

(4) Tennessee is to get its gas at Emerson at 24 or 25 cents. Under an earlier contract with Trans-Canada, another American company, Northern Natural Gas, had undertaken to pay 30 cents (Charles Woodsworth, Toronto Star, November 2, 1955). Clearly, Northern Natural Gas was bargaining with a distinct company, "at arm's length", while Tennessee is, in effect, bargaining with itself, and naturally comes off much better. It is estimated that the difference between the original 30 cents and the new 24 or 25 cents would



amount to as much as \$100,000,000 over twenty-five years, even if Tennessee gets only its 200,000,000 cubic feet; if it gets the 400,000,000 cubic feet, without which it has little or no chance of securing the Federal Power Commission's approval of its scheme, the difference could amount to \$200,000,000. These are substantial sums to be lost to this country because the enterprise is to be American-controlled.

(5) American industry will get Canadian gas at prices substantially lower than Canadian industry. The price to public utilities in Western Canada generally, it is understood, is to be not less than 50 cents, to most Canadian industry 45 cents, and to the pulp and paper industry of Central Canada about 50 cents (Charles Woodsworth, Toronto Star, September 22 and December 30, 1955). There is a big difference between these prices and 24 or 25 cents, even allowing for a substantial addition to the 24 or 25 cents for distribution costs.

Nor is this the whole story. The high-grade iron ore of the Mesabi Range is becoming exhausted. But there is still lots of low-grade, taconite ore, which it is now worth while to beneficiate with cheap fuel. The Iron Ranges Natural Gas Company of St. Paul is prepared to take 55,000,000 cubic feet per day for this purpose. Its line is only 68 miles from the Tennessee line from Emerson. It would have to get the gas at 36 or 37 cents to compete with coal. As the taconite operation is a summer one, when other sales for gas fall off, this would be highly convenient for Tennessee Gas. It would also be highly convenient for the American iron and steel industry, but not for our iron ore industry or our iron and steel industry, or indeed for a variety of other Canadian industries which could well use nice, cheap gas like this.

Incidentally, the curious officially sanctioned subsidy to American industry under this Trans-Canada scheme is not the only example of the same sort of thing. By action of the Dominion Cabinet, Anaconda Copper, through its subsidiary Montana Power Company, gets Alberta Gas for five years at 18 cents per thousand cubic feet. Coal, the best available alternative, would cost 45 cents for an equivalent heat value. Canadian companies, such as Consolidated Mining and Smelting, are paying 40 to 50 cents for their fuel (Charles Woodsworth, Toronto Star, September 22, 1955). Actually, the figure





is about 48 or 49 cents.

This is the sort of thing that can easily happen when Canadian natural gas is controlled by American interests and the Government of Canada has no policy on the subject such as it has for hydro power. The Canadian subsidiary sells at bargain prices to its American parent, and everybody loses except the Americans.

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The Board of Transport Commissioners for Canada cannot supply the lack of policy. The pipe line will not be a common carrier, so the Board cannot regulate its rates. All it can do is grant or refuse authority to expropriate. For this purpose, it has to decide whether the enterprise is worthy to have the right to expropriate. But it does so without considering the rates the company will charge or its profitability, or examining its financial standing. It has no staff to undertake this sort of thing; it calls no witnesses on such matters. In effect, it takes the word of the Government or the Department of Trade and Commerce.

This simply does not touch the real problem. What is needed is a national policy on the export of Canadian natural gas like the policy on the export of Canadian hydro power. Of such policy there is not only no sign; there seems to be no awareness even of a need for it. The lack of policy amounts in practice, of course, to a policy; but, as we have seen, it is a policy of subsidizing American industry at the expense of our own, which is about the worst policy anyone could think of. It appears to have been adopted in a fit of absence of mind or doctrinaire devotion to "free enterprise". But that does not make it any better.

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(6) The London Economist (January 14, 1956) says: "Under its agreement with the governments of Canada and Ontario, the company has until May 1, 1956, to consummate all these transactions and finance its parts of the plan. But not one of them can be completed without the approval of the Federal Power Commission in the United States. Vigorous opposition from other American gas interests is already certain; and it would be almost without precedent if an opposed application of such far-reaching scope were approved by the FPC before the spring. There is, however, still a chance that it might be done; and when the parliamentary debates are conducted here [Canada] neither side will be able to say for certain what the FPC may do." The Financial Post of



the same date goes farther. In a Washington despatch it says: "A 1956 start on the trans-Canada pipeline project on the lines contemplated by the Ottawa-Ontario-Trans-Canada Pipelines 'joint project' is now quite impossible. There is no possible chance -- not even a gambler's long-shot chance -- that the Federal Power Commission will approve by this spring the Trans-Canada-Tennessee export deal on which the whole joint project depended.

"A 1957 start could just be possible -- on a long-shot chance -- but it remains unlikely so long as Canadian construction depends on U.S. approval of Tennessee's plan for selling Canadian gas in the Mid-West.

"Critical date for the 'joint project' is May 1, 1956. If Trans-Canada cannot fulfil its part of the bargain by then, the Government is pledged to 'reconsider' its whole policy.

"Trans-Canada's current financing and construction plans depend upon U.S. approval of its arrangements with the Tennessee Gas Transmission Co. for export at Emerson to Tennessee's projected Mid-Western line.

"This approval cannot possibly be given by May 1 -- nor for many months thereafter.

"In face of this fact, the Governments at Ottawa and Toronto will have to decide whether it is still worthwhile asking the House of Commons and the Ontario Legislature to approve the financial terms of the deal with Trans-Canada. It would be waste of time to ask for approval on the basis of the May 1 deadline. Request for approval without any time limit would certainly run into very strong opposition. Even extension to a new fixed date would make the whole joint project considerably less attractive to most legislators.

"To get construction started this year, it would seem that either the company or the government must come up with some new proposal.

"The clear impossibility of getting FPC approval for the complicated Tennessee-Trans-Canada applications before May 1 was established by The Financial Post through an extensive canvass of the most experienced opinion, both official and unofficial, in this capital.

"The Post could not find one authority on FPC practice and procedure who regarded the May 1 date as even remotely conceivable.

"A typical answer to The Post's question was: 'May 1? 1957 or 1958?'





". . . . Most observers refused to guess whether it would be 1957, 1958, or 1959.

"The May 1 deadline was laid down in the official announcement of the contract between Trans-Canada and the Federal and Ontario Governments. It was issued in Mr. Howe's name on November 21, and said: 'Trans-Canada Pipelines have until May 1, 1956, to demonstrate to the satisfaction of the two governments that it has arranged for finances and commitments to carry through its entire construction program.' A week later in Calgary, Mr. Howe added: 'If it cannot demonstrate this, the Government must reconsider its policies in the light of the circumstances then prevailing.'"

It may be asked why, if the deal is as good for the United States as we have made out, there should be any opposition to it there, let alone as much as there is. The answer, of course, is that the deal is good for the United States in general and for certain interests there, but very bad for certain other competing interests: oil, coal, gas, railways. On this subject, Mr. John I. Lewis and the coal operators and a great many other people who do not ordinarily find themselves in agreement, sing "to one clear harp in divers tones".

So, in these circumstances, the present scheme has not even the merit of ensuring that the line will be built promptly.

(7) A 30-inch pipe line will carry 500,000,000 cubic feet. A 34-inch line can carry 700,000,000. So far, Alberta has released only 500,000,000. Clearly, the line to Winnipeg is built to carry the extra 200,000,000 which Tennessee needs to make its line from Emerson pay, and which it counts on getting. Clearly also, the line from Winnipeg east could carry 500,000,000 cubic feet, instead of the 300,000,000 it will get under the present proposal. It will be operating at 60 per cent of capacity, which is manifestly not an economic proposition. It could carry the whole 500,000,000 which have been released, and it would soon have a market for them if Trans-Canada Pipe Lines set to work in earnest to get industrial contracts. But our information is that it is doing nothing of the kind. Eastern Canadian utilities alone will take the whole 200,000,000 cubic feet which Trans-Canada will have available for the Canadian market (the 300,000,000 fed into the Canadian line at Winnipeg, less the 100,000,000 to be exported at Niagara).



This utilities market is all Trans-Canada is trying to get. Central Canada is the highest cost fuel area in North America. Its industries are, therefore, bound to be interested in any possibility of cheaper fuel. They would be a more profitable market than the utilities, even at lower rates per thousand cubic feet, because of huge volume sales and because the industries would use the gas about 80 per cent of the time, while the householder will use it only about half the time.

Then why is Trans-Canada not trying to get the Canadian industrial market? Because if it did, that market, plus the utilities, would soon take more than the whole 200,000,000 cubic feet now to be available to the Eastern Canadian market. That would limit Tennessee's ability to get any extra gas declared surplus by Alberta. Even the whole 200,000,000 it is now to get is not enough for its needs. Too much Canadian industry signed up would jeopardize the capacity to export at Emerson on which the whole present, American-dominated scheme hangs.

The amount of gas so far declared available is enough for one pipe line. It is not enough for two, one American, one Canadian. But, in effect, that is what the present scheme provides for, and the American line, for all practical purposes, takes precedence over the Canadian.

(8) One final objection to the scheme is this: if at first we need the American market to make the line pay, or if it turns out that we have more gas than we can use at present or in the near future in Central Canada, why should we not use what we can and sell the surplus ourselves to the highly profitable New York and northeastern states market for as long as we don't need it? Why allow Tennessee Gas to reap a harvest at our expense for as long as the gas lasts?

The present trans-Canada pipe line proposal is a gigantic give-away of a priceless and irreplaceable natural resource. It is a deadly threat to the future economic development of Canada, and a double threat, since it involves not only starving Canadian industry of power it needs, but feeding American industry with what is withheld from our own. The delay in securing the approval of the Federal Power Commission presents the Government with an unlooked for and undeserved opportunity of extricating the country at the eleventh hour from an impractical and improvident scheme, and doing now





what it ought to have done in the first place: build the line as a public enterprise. Nothing less will discharge its duty to the Canadian people, and satisfy the mind and conscience of the country.



DOMESTIC AND EXTERNAL MARKETS

The third specific subject you are directed to consider is "prospects for growth and change in the domestic and external markets for Canadian productions".

Canada is one of the ten states of chief industrial importance. She is also the third trading nation of the world. Moreover, her industrial expansion has, in recent years, been proceeding at a remarkable rate, and the end of this rapid expansion is not yet in sight. The prospects for growth and change in the domestic and external markets for Canadian products are, therefore, important not only for our own people but for the world as a whole.

The prospects for the growth of the domestic market as a whole depend on the growth in population, the rise in productivity, and the levels of employment and income. We have already placed before you our views on immigration, the only factor in the growth of population over which society can exercise much control. We have also stated our views on automation, one of the main factors in the future growth of productivity, and on the necessity of full employment. We may sum up here by saying that what is needed for the domestic market is not simply the "high and stable levels of employment and income" to which the Government is pledged by its White Paper of 1945, but high and rising levels of employment and income: high enough and rising fast enough to give us the maximum benefits of rising productivity. If the working population of Canada has jobs, and enough purchasing power, the domestic market as a whole will look after itself.

There may well be shifts from one type of goods or services to another even within a domestic market expanding at a satisfactory rate; in fact, there are certain to be. We should expect that, with a rising standard of living, the market for services would rise rather faster than the market for goods, and the market for "luxuries" (however that word is defined) more than the market for the basic necessities of life. There will also be shifts resulting from new discoveries and from changes in taste, such as the shift which is already taking place from traditional natural textiles to synthetic fibres. Similarly, the market for coal will probably expand much more slowly than the market for oil and gas, and the market for atomic energy, now very small, will no doubt expand at a terrific rate. On





the more important of such future changes, you will doubtless have very full expert evidence at your disposal; all we can do is to indicate to you that the trade union movement is aware of the possibilities, and that its desire for security for the nation's workers in no way implies a desire for stagnation, or for a freezing of the present industrial pattern. On the contrary, the Labour movement believes wholeheartedly in a dynamic economy, and in the necessity of flexible policies, Government, Management and Labour, to deal with the problems which arise in such an economy.

Indeed, we should go much further. We believe the trade union movement, here and in other countries of the Commonwealth and of the Western world, has been one of the main forces in making and keeping the economy dynamic. Unions have raised wages, shortened hours, improved working conditions, and by so doing have often forced employers to look for and adopt technological advances, instead of relying for their profits on naked exploitation of underpaid labour. Unions have been largely responsible for social security. By raising living standards, unions have expanded the economy; by stabilizing income through social security, and through pressure for other methods of ensuring full employment, they have helped to stabilize the economy; not freezing it, but making sure that expansion should take place at a reasonably steady rate, not in a series of devastating booms and depressions. By pressing for more and more education for the people, unions have helped to promote technological progress. By introducing constitutional government into industry, they have broken the despotism of the employer in the plant and given workers an orderly and peaceful means of controlling and improving their working conditions and raising their living standards. By all these activities, and by fighting for universal suffrage, they have given both our economy and our political institutions a stability, solidity and depth they could never have achieved otherwise; strength to withstand all the fiery darts of totalitarianism.

Most people would probably admit that unions have done a good deal to prevent depressions and recurrent mass unemployment. But they might say that they have overdone it: that they are a danger to the stability and orderly progress of the economy because their policies are necessarily inflationary. The argument often runs that, for example, the wage gains won



by unions are illusory, because they are all swallowed up by price increases. This is clearly not so; for if it were, it would mean that increases in real wages are impossible. But the plain fact is that real wages have increased, and increased very substantially, even since 1949. The Department of Labour's wage rate index, based on 1949-100, by April 1, 1955 (latest date available) had reached 138.7, while the consumer price index on the same base had risen to only 116.0. In other words, real wages had risen almost 20 per cent in five-and-a-half years (the wage rate index is based on October).

#### External Markets

External markets are of enormous importance to us. Our per capita trade in 1953 was the largest in the world, nearly twice that of the United Kingdom and nearly four times that of the United States, the two biggest trading nations in the world. As we have already pointed out, we have equipped ourselves to produce and ship, and we do produce and ship, huge quantities of wheat, pulp and paper, gold, nickel, copper, lead, zinc, asbestos and ingot aluminum, far beyond our ability to consume, either now or even when our population and standard of living are both much higher. While perhaps we are not in a position where we must export to live, we certainly must export to live well, or even at any standard that our people would consider tolerable. We must also import to live at any such standard, for there are many foods and food products (tropical and semi-tropical) which we cannot produce at all, and many industrial raw materials which we cannot produce or can produce only in inadequate quantities or at exorbitant cost or both. In 1953, our imports of such raw materials amounted to \$528,000,000.

We think there can be no doubt that the prospects for growth in the external markets for our export staples (wheat, nickel, pulp and paper, aluminum, iron, copper, lead, zinc, asbestos, lumber, etc.) are excellent. The world needs these things. We have them. The world is likely to go on needing them, and needing even more of them, and our supplies are likely to be ample for some time ahead, especially if we take proper measures to conserve them. Of nickel, we have a virtual monopoly. For most or all of the others, we face competition, often stiff competition; but our costs are low, and we are closer than most of our competitors to the world's largest, fastest growing market, the United States. At the moment, we are finding it





hard to dispose of our wheat at satisfactory prices; but past experience suggests that this difficulty, serious though it is for the people concerned, and calling for the most energetic measures, will pass. In the long run, as standards of living in the underdeveloped countries rise, world demand for wheat is almost certain to rise too, and our farmers should be in an excellent position to supply an ample share of it.

We hope that export markets for more of our manufactured goods will open up in the future. The chief obstacles to such a development are presumably two: the United States tariff, and economic nationalism in the underdeveloped countries. There is, unfortunately, not a great deal we can do about either of these, or, at any rate, not much that we are not already doing, notably pressing the Americans, in season and out of season, to be what we consider more "reasonable" about the protection they accord to their own industries. There is, of course, the additional difficulty caused by external control of potential Canadian export manufacturing industries, on which we comment elsewhere.

Like almost everyone else in Canada, we are uneasy about the proportion of our trade that takes place with the United States, and about the imbalance between our exports to that country and our imports from it. To a large extent, of course, the former is inevitable. The United States is the biggest, closest and most profitable market for most of our export staples, and for such of our manufactured exports (notably agricultural implements) as it will let in. If we want it to buy our products, we must let it get, directly or indirectly, the Canadian dollars to do it with. That means either taking American goods, or taking goods from other countries which take American goods, and, in effect, pay for them with Canadian dollars, which the Americans can then use to buy our goods. In most cases, it is simplest and most satisfactory to both parties for us to take American goods. They are the kind of goods we like, the kind we are used to; and we can get them quickly.

The imbalance between export to the United States and imports from it is also to some extent inevitable. (To some extent, of course, it is also illusory, since services as well as goods enter into the trading picture.) We owe the Americans a lot of money, notably in interest and

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dividends on their investments in Canada. We have to sell them goods (and services, but mainly goods) to pay it.

None the less, the fact that we are so closely tied to what is not only the biggest and fastest growing market in the world, but perhaps also the market which may turn out to be the most subject to sudden and considerable fluctuations, is disquieting. The more we can expand our markets outside the United States, the less we shall be at the mercy of internal economic disturbances and political pressure groups there. The difficulty, of course, is that if we insist on buying most of our imports from the United States, we need American dollars to do it with; and if we sell to other countries, we get, as a rule, their currencies, which it may be very difficult to change into the American dollars we need. On the other hand, our people may just refuse to take adequate quantities of other countries' goods because they are used to American-type products. The problem, even in the drastically simplified form in which we have stated it here, is no easy one, and it is complicated by the fact that often the goods other countries are able and anxious to send us would compete with Canadian goods on whose production the livelihood of a substantial number of Canadians depends.

#### Tariff Policy

This brings us to the question of tariff policy.

We have to import. But do we have to import so much? We have to import certain foodstuffs and raw materials. But do we have to import \$3,096,000,000 worth of fully or chiefly manufactured goods, as we did in 1954? Some of these, no doubt, were specialized machinery, of a kind for which the Canadian market is too small to provide the long runs essential to economic production. But such goods are very far from accounting for anything like the whole of the \$3,096,000,000. These huge imports of manufactured goods are, naturally, of very deep concern to many Canadians, including those we represent. For Canada is now a very considerable manufacturing nation. Almost a third of the employed population works in manufacturing industries, and not far short of the same proportion of the national income comes from such industries. Of course, some of our manufacturing, notably in pulp and paper, lumber, flour milling, and production of ingot aluminum, is largely for export, and goes to make up some of our export staples. But



a considerable part, roughly 85 per cent, is for the home market. Surely manufacturing industries on this scale could supply at least part of the market now served by imports?

This raises the very large question of what policy we should follow in developing our manufacturing industries. Hitherto, the growth of manufacturing has largely paralleled the growth of the home market. That is likely to hold good also in the future, as far as we can see. But perhaps it will not. The recent growth in manufacturing has been most marked in what might be described as the high-productivity, highly mechanized, highly capitalized, relatively low-labour-content industries. These, with our resources industries (and the two groups overlap), are the industries in which we excel, in which we can beat the world, or at any rate most of it. In the low-productivity, less mechanized, low-capital, high-labour-content industries, we are at a disadvantage in competing against even European competition, let alone Asian; and the disadvantage is accentuated by the fact that our high-labour-content industries cannot, for long, pay their workers substantially less for the same work than they would get in our low-labour-content industries.

Should we try to concentrate on the industries in which we have the biggest advantage, push them for all they are worth, for the home market and export markets too? Should we let the high-labour-content industries "fade away and gradually die"? Or should we try to keep them alive, and even keep them growing?

Ever since the enunciation of the "National Policy" we have provided some protection for nearly all kinds of manufacturing industries, through the tariff. Many people used to talk about Free Trade; very few practised it, and now very few even talk about it. The modern trend seems to be more and more towards "agreed trade", and towards the multilateral agreements which are most desirable from Canada's point of view. Of course, agreements can be "mended or ended", and the General Agreement on Tariffs and Trade, by which we are bound at present, is pretty flexible.

What we all want is the largest possible area of reasonable, unfettered international trade. We want to export; we have to export. We want to import; we have to import. We need to maintain our markets in the





United States, our best customer, in the United Kingdom, in Western Europe. We want to expand our markets in Eastern Europe, within the limits imposed by the necessities of our own security. We also want to expand our markets in countries like Japan, industrialized, but with a low standard of living, and in the industrially underdeveloped countries, perhaps the greatest potential future export markets.

These starving, or near-starving, millions do not at present constitute an effective demand for our exports. They are too poor. Their living standards must be raised. Then they will be potential customers. (This is, of course, by no means the only, or the most important reason for raising their standards; but it is the one which is relevant to what we are discussing at the moment.) The two Congresses are both strongly in favour of international action to raise living standards in the underdeveloped countries. We have supported the Colombo Plan and United Nations Technical Assistance. We have repeatedly urged the Government to increase substantially the Canadian contributions to both, and, though we welcome the recent increases, we still think they are much too small. We have also urged the Government to support the immediate establishment of a Special United Nations Fund for Economic Development. We have also supported the International Labour Organization in its efforts to secure minimum standards throughout the world by international labour legislation in the form of Conventions; here, unfortunately, we have been handicapped by the fact that Canada's Constitution makes it impossible for this country to adopt most of the Conventions, because most of them deal with questions falling mainly within provincial jurisdiction.

Last, but not least, we have vigorously supported the efforts of the International Confederation of Free Trade Unions, to which we both belong, to organize the workers of the underdeveloped countries. Canadian contributions to this work have been among the highest in the world. The IOFTU has not, of course, been trying to force upon the workers of the underdeveloped countries Western ideas either of trade unionism or of anything else. But it has been trying to make available to such workers the fruits of Western workers' experience, both of collective bargaining and labour legislation. The workers of the underdeveloped countries are now facing the



problems of industrialization which Western workers faced generations ago. There are differences, obvious and important; but many of the problems are almost identical. We think the workers in these countries are entitled to know how Western workers faced and solved these problems. We think they are entitled to all the help we can give them. We have been trying to give it; we mean to go on, and do more. We think it in our own interests, in the interests of Canada, in the interests of the free world, as well as in the interests of the workers concerned, that we should do so.

Plainly, however, all these means of raising standards in the underdeveloped countries will take time, almost certainly a long time. Meanwhile, some of our own industries, notably textiles, rubber footwear and sections of the ladies' garment industry, face serious, sometimes disastrous, competition from the grossly underpaid labour of certain Oriental countries. The probability is that this is not a temporary situation; that, on the contrary, it is likely to continue and to spread. The Government and people of Canada have got to make up their minds what they are going to do about it.

One thing has got to be said very plainly: if they decide to let industries like these go to the wall, the workers in them must be looked after. They must be re-trained for other jobs which are available; new industries must be brought to the places where such workers are, or the workers must be moved, at public expense, to places where there are jobs for them. Older workers who cannot be re-trained, or workers who, for some reason or other, cannot move, must be provided for. If letting these industries die is judged to be in the national interest, the nation, which presumably gets the benefit, must also bear the cost. It must not be thrust upon either the workers or the local communities directly concerned. The same principle applies here as in connection with dislocations caused by automation.

But letting these industries die may not be in the national interest. This is one of the places where non-economic considerations enter in, or, at any rate, long run or indirect economic considerations. It is not only a question of getting the product as cheap as possible. It is a question of being sure of getting it at all. We all hope there will never be another major war. But we cannot count on it. Suppose there is, and suppose we have been getting our rubber footwear, for example, from Hong King.





We suddenly find ourselves without any rubber footwear at all, very hard put to it to get any from other and much more expensive external sources still open to us, and perhaps forced either to go without or to recreate the industry we had allowed to die -- and recreate it under conditions of great difficulty.

Even if we could be sure of continuing to get cheap Hong King rubber footwear or cheap Japanese textiles, there is still the question of the cost of abandoning, as we might have to do, the social capital (schools, housing, etc.) in the textile and rubber footwear towns; or the cost of inducing other industries to come to such towns, or of moving the workers to other places; the cost of re-training the workers for other jobs.

All these factors, we suggest, and not simply the immediate interest of the consumer, have to be weighed in arriving at a proper national policy for such industries.

When they have been weighed, the decision may be to keep the industries alive and growing, or to keep them alive but not growing, or to keep them alive but on a smaller scale than hitherto. If the decision is to do the last, then the displaced workers and the local communities will have to be looked after just as they would be if the industries were allowed to die, though, of course, the task will be smaller. If the decision is to keep the industries alive but not growing, then provision will have to be made for the workers who would otherwise have got employment in them but now won't. If the decision is to keep the industries alive at all, then they will have to be given enough protection, by tariff or subsidy, to produce that result. The easiest method would be by raising the tariff.

There are several ways of doing this. But before we discuss them, there are certain things about our attitude that we want to make clear beyond any possibility of misunderstanding.

First, we think that as long as Canada subscribes to GATT, she should live up to it, in the spirit and in the letter. If GATT ceases to serve the welfare of the Canadian people, then we should get out of it, not stay in nominally and try to wriggle out of our obligations.

Second, we are not suggesting that Canadian manufacturing industries should be insulated against external competition. We do not think that



would be good for them. It would certainly be bad for our exports and for domestic consumers. What we are concerned about is extraordinary competition, of a kind we shall describe in a moment.

Third, we are not suggesting building an insurmountable and impenetrable wall against the products of underdeveloped countries. On the contrary, we recognize that they have to sell if they are to buy; and if we have any hope of selling them substantial quantities of our manufactures, we must be prepared to buy things they can send us. But most of those things are tropical foods or raw materials which we cannot produce ourselves. The more of those we can take, the better off we shall be. What we are worried about are the few manufactured commodities they want to send us, which are a relatively small item in their exports but a disastrously large one for certain Canadian industries.

Fourth, we recognize that Japan, which is not industrially underdeveloped, but on the contrary highly industrialized, has to export manufactured goods if she is to exist at all. If she is denied export markets for her manufactures in the free world, she will have to go Communist. That would tilt the balance of power, economic and military, very heavily against the free world. All the rest of the free world, simply in its own interest, to say nothing of other considerations, has a responsibility to prevent this from happening. Canada has her share, and no inconsiderable one, in that responsibility. Naturally, we should all like to see Japan exporting to somewhere else (Stephen Leacock used to say that everybody's theory of taxation was to tax someone else), and no doubt to some extent she will; her natural markets are the underdeveloped countries of free Asia. But that may not be enough. Our long run national interest may involve taking a substantial quantity of Japanese manufactured goods.

But this does not mean that we have to take unlimited quantities of anyone's manufactured goods. Competition from plants paying lower wages than ours is one thing: nearly all plants, except those of the United States, do pay lower wages than ours. To some extent, such low wages are offset by higher productivity here: low-wage labour is not necessarily cheap labour, because it often produces very little. But competition from labour that is paid so little that it is virtually unpaid, as in the Hong King rubber footwear



industry (45 to 75 cents a day, against about \$1.45 an hour in Canada), is, we think, in a different category.

The problems of the rubber footwear industry are already under study by a special committee made up of representatives of Management and Labour in the industry and of three Government departments. This Commission is clearly not the place to bring this specific problem. We have cited it only as typical of a kind of problem which we think is likely to arise over and over again, in various industries, and for which a coherent, consistent national policy must be worked out. We have appended figures (page 65) of the domestic production and imports of rubber footwear in recent years only to show that it is a serious problem.

If the Government decides that industries like these must be protected against extraordinary competition of the kind we have described, there are various ways of doing it. One is to provide for tariff increases when the volume of imports reaches a point where injury to the domestic industry is deemed to be greater than the benefit to consumers. This might be done, as the Textile Workers Union of America has suggested to you, by fixing a base period of a year or two years in which the Canadian industry's proportion of the market was considered reasonable and normal, and prohibiting all imports above this level. Another, also suggested by that union, would be to apply to all imports above the prescribed level a higher rate of duty. A third would be to mark up the prices of such imports by some simple formula of fair market valuation. A fourth would be to work out a formula for a mark-up which would take account of the enormous differences between Canada and, for example, Hong Kong, in wage rates and hours of work, working conditions, capital investment per employee, local and national taxes, social security contributions, etc. Working out such a formula might be difficult, but we think the possibility should be investigated.

We are not wedded to any particular method of reaching the desired end. What we do insist on is that a policy should be worked out which does not leave workers in Canadian industries naked to the blasts of competition based on starvation labour. There may be a dozen ways of doing it. What we are concerned with is that it should be done, and done promptly; and we think this is a matter which should engage your attention.





TABLE I

## IMPORTS vs CANADIAN-MADE RUBBER FOOTWEAR IN THE CANADA MARKET

(10 mos. Jan.-Oct.)

	1949		1950		1951		1952		1953		1954		1955	
	Prs.	% of Market	Prs.	% of Market	Prs.	% of Market	Prs.	% of Market	Prs.	% of Market	Prs.	% of Market	Prs.	% of Market
Canvas Footwear														
(1)	1,996	.1	103,058	2.8	313,616	8.2	214,433	8.6	705,110	19.9	1,062,362	35.7	2,186,928	54.0
(2)	3,010,060	99.9	3,513,923	97.2	3,533,631	91.8	2,277,172	91.4	2,836,218	80.1	1,917,420	64.3	1,834,673	46.0
Total	3,012,056	100.0	3,616,981	100.0	3,847,247	100.0	2,491,605	100.0	3,541,328	100.0	2,979,782	100.0	4,051,601	100.0

## Leather Footwear

(1)	91,040	.8	179,579	1.6	370,696	3.2	434,681	3.7	592,324	5.4	624,245	5.9	945,652	8.4
(2)	10,942,326	99.2	11,276,579	98.4	11,339,444	96.8	11,394,432	96.3	10,871,741	94.6	10,016,827	94.1	10,318,507	91.6
Total	11,033,366	100.0	11,456,158	100.0	11,710,140	100.0	11,829,113	100.0	11,464,065	100.0	10,641,072	100.0	11,264,159	100.0

- (1) IMPORTS - Dominion Bureau of Statistics
- (2) CANADIAN MADE - Total Canadian production less exports. All figures from D.B.S. except 1954 production and 1955 production and export figures which are not yet available from D.B.S. In these cases Rubber Association of Canada figures are used.

NOTE: The bulk of these imports came from HONG KONG.



EXTERNAL OWNERSHIP AND CONTROL OF CANADIAN INDUSTRIES

External investment has unquestionably played an important and vital role in the industrial development of Canada. No one will dispute that in the years to come it will continue to do so.

Extent of External Investment

Since the last war, outside investment has risen from \$7.1 billions to \$12.4 billions in 1954, an increase of almost 75 per cent. Most of the investment came from the United States, the proportion increasing from about 70 per cent to 77 per cent in 1953. The second largest external investor in Canada is the United Kingdom, though its share has fallen from almost one-quarter at the end of 1945 to about 18 per cent. The remaining five per cent came from other countries.

The significant fact about this external investment is that it controls about one-third of Canadian business. It is true that Canadian capital has been the main source of supply in agriculture, residential real estate and personal property. But the economic growth and development of a country is primarily centred in its industry: manufacturing, mining and public utilities. It is precisely here that outside investment is concentrated.

In manufacturing, the proportion of external ownership has been steadily increasing until in 1952 (the latest year available), it represented 46 per cent of the total. In mining, smelting and petroleum exploration and development, the proportion has risen to almost 60 per cent. The rate of increase has been tremendous as, only four years earlier, in 1948, the percentage was only 42. Steam railways and other utilities account for 37 per cent and 20 per cent, respectively. Most of this investment has come from the United States.

Since these important sectors of the economy give employment to roughly half of the wage and salary earners in Canada, the operation of these industries is of direct concern to thousands of workers.

U.S. investment has more significance for Canadians than British, not only because of its size, but because it is in the form of "direct investment". Canadian companies which are subsidiaries or branches of U.S. firms are subject to the latter's control and direction. This is in contrast to British investment which is largely "portfolio", i.e., in the form of scattered minority holdings of public issues of Canadian stocks and bonds.

Furthermore, U.S. direct investment is steadily increasing. Since





the end of 1945, it has grown almost two-and-a-half times. It constitutes about 60 per cent of total U.S. investment in Canada, compared with only about 46 per cent at the end of the war. The number of companies controlled in the United States has grown from 1,985 at the end of the war to 3,235 in 1953, an increase of almost 63 per cent.

These figures probably understate the case. The D.B.S. assumes that there is outside control if "50% or more of the voting stock is owned. Where affiliations and important minority holdings are believed to constitute control, the enterprise is similarly treated." Excluded is such a large corporation as American Telephone & Telegraph, which holds only a small percentage of the capital stock of the Bell Telephone Co. of Canada. But since Bell Telephone is dependent on A.T. and T. for its telephonic devices, apparatus, etc., A.T. and T. can in fact exercise considerable influence on the policies of Canadian Bell. *Q is this kind of influence of A.T. & T. on Bell?*

U.S. investment in the manufacturing industries is particularly striking. In the post-war years, it has constituted over 80 per cent of all external investment in manufacturing as a whole, and all but about ten per cent of this is "direct." For example, in the automobile industry, three companies, General Motors, Chrysler and Ford dominate the Canadian market. In the electrical industry, General Electric, Westinghouse and Northern Electric, the largest Canadian operators, are U.S. controlled. In the rubber industry, Firestone Tire and Rubber, Goodyear Tire and Rubber, Dominion Tire, and Seiberling Rubber are all subsidiaries of U.S. firms. *Q Is this kind of monopoly?*

The proportion of U.S. investment in relation to all external investment in mining and smelting has risen since the war ended from about 80 per cent to over 90 per cent. Direct investment has also gone up: it constitutes about 84 per cent of the total. There is no question that iron ore, nickel, aluminum and oil are under effective U.S. control. This also applies to copper and asbestos mining.

Is there any harm in this American control? There may be, in several ways.

#### Economic Policy

(1) The policies laid down by U.S. firms for their branch plants in Canada do not always operate to the benefit of the Canadian worker or the Canadian public. As Dr. G. Edward Hall, President of the University of Western Ontario points out, "Many times the personal interests of the 'parent company' dictate the policy of the subsidiary even if their decision is not



in the best interests of Canada or of Canadians ... There is little possibility of long-term survival, let alone success, unless companies and people who are operating plants, distributing merchandise and selling goods in Canada recognize their responsibilities to their communities..." (Speech before the Boston Conference of Distribution, as reported in the Financial Post, October 22, 1955.)

Here is one example of what can happen. According to Dr. Walton Hale Hamilton (in collaboration with Judge Thurman Arnold and Ian M. MacKeigan, Q.C.), "Canadian Industries Limited ... was not permitted by its United Kingdom and United States parents to export to any country. Similarly Canadian radio manufacturers, titanium processors, optical goods manufacturers, and many, many, others have been compelled in this way to refrain from assisting in the development of Canadian export trade." (Patent Monopolies, submission by the Regina Leader-Post and the Saskatoon Star-Phoenix to the Royal Commission on Patents, Copyrights, Trade Marks and Industrial Designs, 1955, p. 62.)

Another example is found in the automobile industry. Back in 1952, we exported an average of about \$9,300,000 worth of automobiles and parts each month. In 1954, our exports fell to an average of about \$2,300,000 per month. What had happened? The "Canadian" companies (except one) don't control their own exports. When foreign orders come in, the parent company decides whether its American or Canadian plants will fill them. Imperial Preference will send some orders to Canada. The rest will be allotted to suit the convenience and profits of the parent company. In 1952, Latin America had been a very big customer, spending almost \$46,000,000 (or about 40 per cent of the total) on automobiles and parts, but in 1954, it took only \$248,000 worth. Why? During the Korean war, when the United States was short of steel, nickel and copper, and imposed restrictions on "end use" of metals, the parent companies switched Latin American orders to Canadian plants, which weren't as busy, or weren't suffering such acute shortages. By 1954, they had simply switched back to their American plants.

This kind of thing is not good for Canada. It is not good for Canadian workers. It does not promote the growth of Canadian industry. It is, of course, possible that, even if the big chemical and automobile companies were purely Canadian, they might not be able to export, or export on any larger scale than they do now, on the average. We do not know. The point is that they are not allowed even to try, unless it suits the convenience of the parent concern in another country. Ordinary economic factors are not allowed to operate. Government policy does not even come into the picture.





People outside Canada are in a position to prevent, or retard, the development of what might prove to be economically sound industries which would afford employment at good wages to a considerable number of Canadian workers.

It is not easy to say what can be done about this. As long as such industries remain under private ownership, they cannot be forced to export. If they were nationalized, some of them might still find it virtually impossible to export because of external control of necessary patents.

This raises the whole question of external control of Canadian industry by the operation of patents. As Judge Thurman Arnold said, in presenting to the Royal Commission on Patents, etc., the brief of the Regina Leader-Post and the Saskatoon Star-Phoenix, "Canada is a country which now and for some time to come will be forced to import most of its industrial techniques. In that situation it should be concerned that it does not pay too high a price for them" (Presentation, p. 5). We venture to add that it should be particularly concerned now that automation is upon us; for the automated industries are likely to be even more dependent on imported industrial techniques than industries operating under the older technologies.

We recognize that this question of patents is before another Royal Commission which has not yet reported, and that your Commission may feel a certain delicacy about "raiding" the jurisdiction of that other Commission. But as far as we know, the other Commission was not called upon to consider this question in the specific context of its effect on Canada's long-term economic prospects, and we are convinced that that effect may be so important that your Commission simply dare not ignore the subject. We are equally convinced that it cannot safely ignore the very impressive evidence, and the specific proposals, submitted in the Leader-Post-Star-Phoenix brief by Judge Arnold, Dr. Walton Hale Hamilton and Ian MacKeigan, Q.C. All three are men of wide knowledge and wide practical experience in this field. What they say cannot be brushed aside as the vapourings of starry-eyed visionaries or irresponsible agitators.

#### Automation and External Control

(2) We have just mentioned automation, and the dependence of automated Canadian industries on imported techniques. That, however, is only one aspect of the situation. A considerable proportion of the industries which are likely to be automated in the near or fairly near future are, in Canada, largely or predominantly, controlled by external firms. There is at least a possibility that in some of these industries the





parent firm may automate its American plant or plants, and then be able to produce there so cheaply that, with present tariff rates, it can undersell any Canadian producer (including its own subsidiary) by a wide margin. It may decide that it is more profitable to close its Canadian subsidiary and meet Canadian orders for its products from its American plants; and it will be able to knock out any existing or possible Canadian competitors.

Whether this is likely to happen, we cannot say. We doubt if anyone can. The material for forming a judgment probably does not at present exist. Nor have we any specific proposals for dealing with such a situation if it does arise. We do not believe such proposals can be formulated until we know a great deal more about whether the situation will arise, and if so, in what industries and on what scale. We think, however, that the possibility is one which your Commission ought to consider; and if it cannot, within the time at its disposal, make the necessary studies itself, we think it should recommend that the Government undertake them without delay. This would be an important part of the series of studies on automation which we think urgently necessary and which we are recommending elsewhere in this submission.

(3) Our submissions on the trans-Canada gas pipe line and on the processing of our raw materials contain further examples of ways in which American control can halt or delay Canadian development, and proposals for dealing with the problems involved.

#### Labour Policy

(4) It is sometimes alleged that American companies might also retard our industrial growth by establishing in their Canadian plants wage scales and working conditions so far ahead of Canadian practice as to place Canadian companies at a serious disadvantage. Experience scarcely bears this out. On the contrary, U.S. firms adapt themselves to the lower Canadian standards with perfect ease: witness the wide discrepancy between Canadian and American hourly and weekly earnings that prevails in almost all industries where American subsidiaries predominate (see Tables 1 - 3 on pages 86 - 88).

In 1946, almost the whole rubber industry in Ontario was on strike for approximately sixteen weeks to win a package settlement of sixteen and a fraction cents across the board. In the United States, the parent companies had negotiated a package of eighteen and a half cents.

Nor is it simply a matter of wages. In other aspects of labour policy as well, the American firms are only too ready to take on the colour of



their surroundings. Indeed, in some cases, it is hardly too much to say that the American firm gives its Canadian employees as little as possible of what it gives its American employees, and as late as possible, and only when well and thoroughly prodded or kicked into it.

For example, the Ford Motor Company in the United States gave the United Automobile Workers the union shop and the check-off in 1941. In 1945, the UAW asked the same thing from Ford of Canada, Ford of Canada refused. A prolonged strike (on this and lesser issues) followed, involving over 10,000 workers and lasting over three months. It was finally settled, by arbitration, by the adoption of the Rand formula: the check-off of union dues from all employees, union and non-union. So the union in Canada, even after this bitter struggle, got only part of what it had got four years before from the parent company in the United States. Even now, Ford workers in Canada still haven't got the union shop, only a provision that new employees must join the union, and present employees retain their membership. Fifteen years and two big strikes leave Canadian Ford employees still behind their American opposite numbers in union security.

The Northern Electric Company in Canada is owned by Bell Telephone in Canada and by Weco Corporation, which is a wholly owned subsidiary of Western Electric in the United States. A pension scheme was granted to the employees of Western Electric in the U.S. on January 1st, 1913. Yet it was not until seven years later that an almost identical plan was accorded the Canadian workers in Northern Electric. Three weeks' vacation after fifteen years' service was granted by the Bell System to its employees in the U.S. in 1939. It took fifteen years before the same vacation rights were allowed the Canadian employees of Northern Electric, and sixteen years before Canadian Bell followed suit.

In 1952, about 1,400 employees at the Hamilton Firestone Tire plant (a subsidiary of Firestone in the U.S.) were on strike for sixteen weeks to win a Pension and Severance Award provision. The parent company had granted precisely these provisions two years earlier to its U.S. employees. In this industry also the Canadian employees had to wage a long and bitter struggle to win even a portion of the benefits received by their fellow workers in the U.S.

The Shell Oil Company has had a maintenance of membership provision in its collective agreement in the United States for years. The union at the Shell unit in Vancouver asked for this provision but was repeatedly refused.





Finally, a strike was called in December 1953. After two weeks, a truce was signed with the Company in order that negotiations might be resumed, and the employees went back to work. Only after the union set another deadline for strike action, did the Company concede this provision. An agreement was finally signed in March 1954.

Husky Oil & Refining Limited operates both in Canada and the United States. The contracts are almost identical, except for wages, and on occasion, even the Personnel Manager in the United States company is sent up to Canada to settle difficult problems that arise. In the United States, they have agreed to pay their operators of heavy oil units the same rates as those paid in the light oil industry. But the Company refuses to apply the same principle in Canada. The union foresees a long struggle before a similar wage pattern is set here.

Clearly, in these cases, the American subsidiaries are not "spoiling the labour market" for Canadian industry; on the contrary, they are displaying the most complete solidarity with the less progressive Canadian firms, and flagrantly discriminating between their American and Canadian employees.

#### Financial Statements

(5) A very serious aspect of the situation where the Canadian companies are wholly owned subsidiaries of American firms is the fact that such subsidiaries do not publish financial statements. Not all Canadian companies do either, and some of those that do not (because they are "private") are important (e.g., Eaton's). This is highly objectionable, but it does not make the position of the wholly owned subsidiaries of American firms any more justifiable. Dr. Hall, in the speech already quoted, asked "Is it unreasonable to suggest here that 'branch plants', subsidiaries and companies wholly owned by foreign investors should be forced to meet Canadian, or even more rigid, corporate regulations with complete fiscal disclosure? -- more so than companies where Canadians own 50 per cent or more of the stock?"

But does it really make any difference? Most decidedly.

It matters for Canadians generally, who should know whether these concerns are making reasonable or unreasonable profits, and how much of what they do make they are reinvesting here, how much sending across the line to their parent companies. It matters to Canadian workers employed by these wholly owned subsidiaries, especially when, as sometimes happens, the firm pleads inability to pay a wage increase. It is sometimes alleged



that a particular union's demands on one of these companies are unreasonable, and that if they are pursued to the point of striking the plant or plants concerned, they harm Canadian industry and prevent or delay Canadian industrial growth. But at present, neither the union itself nor anyone else is in a position to judge. The management of the Canadian subsidiary can appear at the bargaining table with a pathetic tale of poverty, exhibiting its empty pockets; and the union negotiators have no idea whether it is telling the truth or not. On one occasion, during the war, a large wholly owned subsidiary of an American company, negotiating with a big Canadian union, pleaded inability to pay, and pleaded it so convincingly that the union negotiators were on the point of giving up. At this juncture, they suddenly discovered, quite by accident, that foreign exchange control made it possible to get figures for these wholly owned subsidiaries' operations. The union found the figures for this particular company in the Financial Post, checked them in Poor's and Moody's investment manuals, and confronted the company negotiators with the fact that the firm had made a net profit of nearly \$1,000,000 the year before! The company negotiators, deeply embarrassed, insisted, then and afterwards, that they had had no idea what their profits were! They said they did not expect the union to believe this, but it was the truth: their American headquarters kept them completely in the dark on the subject; and just told them what to say to the union. Now, of course, there is no foreign exchange control, and, accordingly, no means at all of checking statements by negotiators for wholly owned subsidiaries of their firms' financial position.

Everyone will agree that it is desirable that union wage demands should be realistic; that demands which bear no relation to the facts of the situation can have very serious effects for the workers and for the economy of the country. But how can unions formulate realistic demands if they are left in complete ignorance of one of the most important facts of the situation to which their demands ought to be related? How can the public judge whether the demands are reasonable or not?

If the wholly owned subsidiaries of outside firms were few and small, keeping unions and the public in the dark would not matter much. But the companies in question are neither few nor small. They include such enterprises as General Motors of Canada, Chrysler of Canada, Swift Canadian, International Harvester of Canada, Dominion Rubber, Firestone of Canada, Courtaulds, Borden's, Canadian International Paper, Minnesota and Ontario Paper, Canadian



Johns-Manville. Companies like these are of decisive importance in their respective industries.

It is true that unions do bargain collectively with most or all of these, and with fair success. But that they should bargain in ignorance of the financial position of the companies, except insofar as the managements choose to reveal it to them (accurately or otherwise) is not a healthy situation, and could be a dangerous one. It ought to be ended, and ended promptly. Parliament and the provincial Legislatures should without delay make the necessary changes in the Companies Acts.





ALLEGED AMERICAN CONTROL OF CANADIAN UNIONS

Close interrelationships between the United States and Canada are not, of course, peculiar to the Management side of industry. Over 70 per cent of Canadian trade unionists belong to international unions, whose headquarters, and most of whose membership, are in the United States. But it cannot be too strongly emphasized that the Canadian membership of these unions make their own decisions and run their own affairs.

There is nothing anywhere else in the world quite like the relationship between American and Canadian unions, and it has been a perennial subject of uneasiness, real or feigned, among Canadian employers, some groups of Canadian workers, and considerable sections of the general public. They fear, or profess to fear, a variety of ill effects.

The allegations usually are:

(1) International unions may force Canadian workers to adopt wage and other policies which are not suited to Canadian economic conditions.

(2) International unions may force up Canadian wages and "fringe" benefits to levels which would bankrupt Canadian industry. They may do this either deliberately, to help American industry, or out of cupidity and stupidity, not realizing the consequences of their demands.

(3) International unions' financial strength may enable Canadian workers to extort from Canadian employers exorbitant wages and expensive "fringes" which they could not have got if they had had to rely on their own funds. This would hamper the growth of Canadian industry.

(4) International unions may order Canadian workers out on strike and shut down Canadian plants to provide markets for American plants.

(5) International unions, through their Canadian branches, may bring pressure to bear on the Dominion and provincial Governments to hamper Canadian industry for the benefit of American, by lowering (or keeping down) tariffs on American goods, by raising taxes on Canadian industries and their products, and by sundry oppressive regulations upon domestic industry.

(6) International unions may deprive Canadian workers of income by ordering them out on strike for purely American ends.

(7) International unions may take large sums of money out of Canadian workers' pockets, and out of the country, in the form of union dues



and assessments.

(8) International unions' conservatism may prevent Canadian workers from formulating and pressing just demands, and so keep wages below what they would have been if Canadian workers had been on their own.

(9) International union "agitators" may fill Canadian workers with all sorts of wild ideas which they would never have heard of if they had not been members of international unions; and this might lead to all sorts of social unrest and disturbances.

(10) International unions may force their Canadian branches to adopt and support American foreign policy, economic and political.

This, we think, is a fair, and fairly comprehensive, sample, of the charges that are usually brought against international unionism. It is also a rather mild statement of those charges. They are often put in much more positive, not to say abusive, terms.

Is there anything in the charges? Let us examine them one by one.

(1) "International unions may force Canadian workers to adopt wage and other policies which are not suited to Canadian economic conditions."

Our answer to this is, first, how? We do not know. Perhaps the critics can enlighten us.

Second, have international unions ever done this? If they have, we should be interested to know when and where.

It must be noted that this charge is not the same as saying that Canadian workers adopt wage and other policies not suited to Canadian conditions. Plenty of employers will say that, and produce what they will consider proof of it. The question is whether membership in international unions had anything to do with it. Some employers and their spokesmen have contended, for example, that the guaranteed annual wage is not suited to Canadian conditions. We do not agree; but that is not the point here. The point is whether the Canadian workers who have demanded it have done so because their international unions forced them to, or even put it into their heads.

The theory of the opponents of international unionism seems to be that, if the automobile workers in Windsor had not belonged to an inter-





national union, the United Automobile Workers of America, it would never have occurred to them to ask for the GAW. If they had belonged to a separate Canadian union, they would have looked across the river, and seen what the American employees of the American Ford company were asking for, and getting, and would just have said, "Well, well !" The idea that Canadian workers have to eat, and pay rent, and clothe themselves, and so forth, all the year round, just as much as American workers, would never have entered their heads. Nobody would have thought of asking, "If it's good for the man on the Ford Assembly line in Detroit, why not for the man on the Ford assembly line in Windsor?"

Or perhaps the theory is that, if the Canadian Ford workers hadn't belonged to an international union, they would never even have heard what was going on in Detroit?

It seems almost incredible that any grown up person could swallow, let alone purvey, such rubbish. The fact is that, short of erecting a Chinese Wall or an Iron Curtain between Canada and the United States, there is just no way of preventing Canadian workers from finding out what American workers are doing; and when they find out, they are very likely to think that what is good for American workers is good for Canadian also, and ask for it. If every single union in this country were simon-pure Canadian, if not a single unionist in Canada had so much as laid eyes on an American union member, the result would be precisely what it is now, or so nearly the same that it would need an electron microscope to see the difference.

Another alleged example of international unions trying to force Canadian workers to adopt wage and other policies not suited to Canadian conditions is that international unions try to get the same wages here as in the United States. This deserves some examination.

First, the fact that some international unions in this country have tried to establish wage parity in their industries between Canada and the United States does not, once again, prove that the Canadian members were forced to take this line by the international union. In the most conspicuous instance, that of the railway non-operating unions, where the demand has been made repeatedly, there is every reason to believe that it came perfectly spontaneously from the Canadian membership. Many of them go back and forth across



the border in the course of their work, and find their American fellow workers getting more pay for exactly the same work. It does not require some evil genius from "outside" to put into their heads a wish to get the same pay for the same work. Many of them live side by side, in the towns of southern Ontario, with other Canadian railway workers working for American lines running through that part of Canada, who get higher pay for exactly the same work. Again, even if they belonged to totally different organizations, it is not inconceivable that the Canadian workers might get the idea that they would like to get the same pay for the same work. Furthermore, there was a time, under the McAdoo Award, in 1921, when American and Canadian railway workers did get the same rates of pay; and even if there were not a single international union in the railway industry, it is surely possible that present-day Canadian railway workers might ask, "If then, why not now?"

Second, we are not aware that international unions generally have made it a policy to demand wage parity with the United States regardless of the economic situation in the particular Canadian industry. Some have demanded parity, for what they considered good and sufficient reasons, based on the position of the Canadian industry. Most have not even thought of it, or, if they have, have dismissed the idea as unrealistic in the conditions prevailing in their industry at the time.

Third, most unions in Canada, national or international, would, we think, subscribe to the view that the gap between American and Canadian wages ought to narrow as Canadian industrialization proceeds. We see no reason to think this has anything to do with international unionism as such, and no reason to apologize for it whether it has or no. There seems little question that productivity in Canadian industry in recent years has been increasing faster than in American, as, indeed, might be expected, since the United States was already highly industrialized before the period began, while we have been going through a very rapid process of industrialization. This ought to be reflected in a narrowing of the gap between American and Canadian wages. Instead of complaining that we are trying to hurry the thing on too fast, our critics ought to be telling us to press forward faster, to build up consumer purchasing power and so promote further economic



growth.

Be that as it may, we think it well to point out that, if international unions in Canada had been pressing for wage parity with the United States, the evidence would not suggest that they had been very successful. Tables 1-3 on pages 86-88 show average hourly and weekly earnings and average hours actually worked in certain American and Canadian industries in September 1951 and September 1955. The tables do not, of course, furnish conclusive proof, for several reasons. For one thing, the classifications of industries in the two countries are not precisely the same. For another, the tables cover only one month (though we think a reasonably representative one) in two years (though, again, we think reasonably representative ones). It is possible that a different month, or comparison between 1955 and an earlier year, might make some significant difference for some industries. Again, the tables deal only with earnings, not wage rates; the comparisons of weekly earnings particularly are in some cases thrown out of focus by overtime or short time. Finally, the tables do not cover all industries, or even all those for which Canadian figures are available in the DBS Man-Hours and Hourly Earnings; but we think they are a fair sample, and we have not hand-picked them.

We think it safe to say that if wage rates in general in the two countries were approaching parity, these tables would show some evidence of it. But they don't, except in a very few cases. Where the gap has narrowed, it generally has not narrowed much; and in a considerable number of cases it has actually widened.

(2) "International unions may force up Canadian wages and 'fringe' benefits to levels which would bankrupt Canadian industry." Again our answers are essentially the same: how? and, have they ever done it? Is there the slightest evidence of anything of the sort?

Somebody may be able to dredge up a case where a Canadian plant closed down because it said it couldn't pay the wages the union demanded and stay in business, and where the union was an international union. But even if the wage demands were the real reason for the closing, and the union was an international union, it does not follow that the wage demands were as high as they were because it was an international union. But that is the question, and the only question, at issue. In our experience, extravagant demands are





much more likely to come from the local Canadian members than from the more experienced international union officers or representatives. The international union, after all, cannot, surely, be anxious to see a plant close down. This is putting the argument on a pretty low level; but as the critics would probably refuse to believe that international unions and their officers and representatives are moved by any but the most sordidly mercenary motives, this is the level on which it seems necessary to answer.

Part of the critics' case here, of course, (and under nos. (4), (5) and (6)), rests on a dark suspicion that international unions cherish an ardent affection for American employers, and find their chiefest joy in doing those employers' Canadian competitors in the eye. All we can say is that perusal of the utterances of American employers offers no evidence that this ardent affection exists, and certainly none that it is reciprocated.

(3) "International unions' financial strength may enable Canadian workers to extort from Canadian employers exorbitant wages and expensive 'fringes' which they could not have got if they had had to rely on their own funds. This would hamper the growth of Canadian industry."

The first part of this is simply a tribute to the effectiveness of international unions, which we are certainly not disposed to contest! Whether the wages are "exorbitant" is, of course, a matter of opinion. Naturally, employers may think they are; naturally, we think not.

Whether the wages and fringe benefits international unions have been able to win for their members have hampered the growth of Canadian industry is susceptible of proof, proof which it is incumbent on the critics to supply. Have the wages our unions have secured actually reduced profits below a fair level? Have they dried up the sources of capital? We know of no evidence that they have. What have they done to consumer purchasing power, which everyone will admit is one of the main factors in the growth of industry? Will anyone have the hardihood to suggest that they have not increased it?

(4) "International unions may order Canadian workers out on strike and shut down Canadian plants to provide markets for American plants."

Our first answer to this is that we know of no international union which can order anyone out on strike, for any purpose. And no one has to take our word for this. The eminently respectable, employer-sponsored National



Industrial Conference Board recently analyzed no less than 194 national and international American union constitutions, covering 17,500,000 members; in other words, practically the whole trade union movement (98 per cent) in the United States. If there were any international unions which slipped through its net, they must have been small indeed, and their Canadian membership could probably be put into a few taxis or a single bus. What did the analysis show?

"One hundred and three constitutions (53.1%), covering a declared membership of 10½ million (60.5% of the total), vest final authority to approve locally authorized strikes in the international union;

"Two constitutions, covering a declared membership of 612,000, require international approval of important strikes but allow purely local strikes if the local union bears the entire cost;

"Twenty-three constitutions, covering a declared membership of 2.8 million (16.2%), allow local unions to strike without international union approval but declare that in such cases they will receive no financial support from the international union treasury;

"Nine constitutions, covering a declared membership of 681,395, vest sole authority to authorize strikes in the international union;

"Ten constitutions, covering a declared membership of 720,255 (4.1%), allow unions to strike without any international union approval;

"Thirteen constitutions of unions of government workers, covering a declared membership of 598,438 (3.4%), prohibit strikes;

"Twenty-nine constitutions, covering a declared membership of 1.4 million (7.8%), do not contain any provisions governing strike authorization (Table 18.)" (Handbook on Union Government Structure and Procedures. National Industrial Conference Board, Inc., 1955, p. 42).

Not one single case, not so much as a hint or suggestion of a case, where an international union can "order" a strike. The only question that arises is whether a union can strike at all without the authority of the international union, a different matter indeed.

This is really conclusive. If no international union can order anyone out on strike for any purpose, certainly no international union can order any Canadian out on strike to provide markets for American plants. But it may be as well to add that we know of no case where a strike has even occurred in a Can-





adian plant when a competing American plant had been struck by the same union; and there is at least one conspicuous case of the opposite: the American coal strike of 1921, when the Nova Scotia coal mines, manned by members of the same union, kept right on working, and exported considerable amounts of coal to New England to replace coal from mines struck by members of their own union. If there have been cases where competing American and Canadian plants manned by members of the same union have been struck at the same time, it has been by the free action of the members of the local unions concerned.

(5) "International unions, through their Canadian branches, may bring pressure to bear on the Dominion and provincial Governments to hamper Canadian industry for the benefit of American, by lowering (or keeping down) tariffs on American goods", etc.

We know of no case where anything like this has occurred; and this Commission itself has just had a conspicuous example of the opposite, when the Textile Workers' Union of America argued strenuously to you, as it had previously done to the Tariff Board, in favour of extra protection for the Canadian textile industry against external competition, including American.

(6) "International unions may deprive Canadian workers of income by ordering them out on strike for purely American ends."

This has already been answered by what we said on no. (4).

(7) "International unions may take large sums of money out of Canadian workers' pockets, and out of the country, in the form of union dues and assessments."

Our first comment on this is that union dues are not nearly as large as many people suppose. For example, the United Automobile Workers have minimum monthly dues of \$2.50. Regular dues at present are \$5.00, but after a guaranteed annual wage strike fund of \$25,000,000 has been built up, they will revert to \$2.50. The United Steelworkers have a \$3.00 standard rate. These are two of the largest international unions in Canada. The Carpenters have a minimum rate of \$1.25, though the locals can set higher rates. This is another of the largest international unions in Canada. The Machinists charge journeymen and skilled workers a minimum of \$2.00, though the locals can set higher rates. This is another of the largest international unions in Canada.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that this is essential for the proper management of the organization's finances and for ensuring transparency in all dealings.

2. The second part of the document outlines the various methods used to collect and analyze data. It describes how this information is used to identify trends, assess risks, and make informed decisions about the future of the organization.

3. The third part of the document focuses on the implementation of the findings from the data analysis. It details the steps taken to put the recommendations into practice and the challenges encountered along the way.

4. The fourth part of the document provides a summary of the overall results of the study. It highlights the key findings and the impact of the research on the organization's operations and strategic direction.

5. The final part of the document offers conclusions and recommendations for future research. It suggests areas where further investigation is needed and provides guidance on how to proceed with these studies.

(Figures of dues from Handbook of Union Government Structure and Procedures, N.I.C.B., pp. 34, 35, 37, 40.) Together, the four have about 225,000 of the members in our two Congresses.

Second, the local unions themselves retain a large part of what the members pay. To take the same four unions again: In the UAW, the international headquarters gets only half the regular \$2.50, though of course the extra \$2.50 for the GAW strike fund goes to international headquarters. In the Steelworkers, half the dues go to international headquarters. In the Carpenters, \$1.25 goes to international headquarters from "beneficiary members" and 60 cents from "non-beneficiary members". In the Machinists, \$1.30 goes to international headquarters. (Same reference, same page.)

In other words, a very large proportion, probably at least half, of the dues of Canadian members of international unions stays right with the local union in some Canadian town or city.

Third, a good deal of what goes to international headquarters from Canadian members does not cross the border, but is deposited in Canadian bonds or bank accounts, and used to pay for Canadian national headquarters, Canadian district headquarters, per capita dues to the Trades and Labor Congress of Canada or the Canadian Congress of Labour, etc.

Fourth, very large payments come into Canada from international unions in the form of strike relief, etc. It is not easy to get comprehensive figures on this point. But certain figures have been made public from time to time, notably, very recently, in the case of the prolonged strike in General Motors of Canada beginning last fall, in which strike relief in various forms has already totalled nearly \$4,000,000. It would take some time for the Canadian members of the UAW to pay that much in per capita to the international headquarters. During 1955, the UAW strike fund paid out \$2,610,000 in Canada. For the first eleven months of that year, the Canadian membership paid \$1,169,000 into the strike fund (figures given to the Toronto District Trades and Labour Council by George Burt, Canadian Director of the UAW.) Our opinion, from our experience, is that at least as much money comes into this country from international unions as goes out.

(8) "International unions' conservatism may prevent Canadian workers from formulating and pressing just demands, and so keep wages below what they



would have been if Canadian workers had been on their own."

This, of course, comes from quarters quite different from those which proffer criticisms (1), (2) and (3).

The only foundation we can think of for this is that in most union constitutions, strikes, or at any rate strikes of any importance, cannot take place without the authorization of the international union, which will usually have to foot the bill, or a substantial part of it, for strike administration and relief. Naturally the international will not be anxious to see its funds dissipated in strikes which have little or no chance of success. Naturally also, therefore, its representatives are likely to counsel prudence and common sense in formulating and pressing demands. It is not so much a matter of American "conservatism" preventing Canadian workers from formulating and pressing "just" demands as of wider American experience cautioning Canadian workers against formulating and pressing unrealistic demands.

(9) "International union 'agitators' may fill Canadian workers with all sorts of wild ideas which they would never have heard of if they had not been members of international unions", etc.

Obviously, (8) and (9) cancel out. In our experience, what the critics have in mind when they talk of "wild ideas" are at least as common here as in the United States.

(10) "International unions may force their Canadian branches to adopt and support American foreign policy, economic and political."

All we have to say about this is that it is so blatantly contrary to the facts that we defy anyone to produce a shred of evidence for it.

We have only two things to add:

(a) Throughout our answers to the criticisms, we have confined ourselves to particular international unions, because that is where the critics have their strongest case, such as it is. We have not discussed the position of the two Congresses, because in relation to them, at any rate in the last ten years, any of the criticisms which have even the appearance of relevance are even more absurd than in relation to the particular unions. And now that the two Congresses are about to unite in a new body which is explicitly completely autonomous, the absurdity should become manifest to even the most



The first part of the report deals with the general situation of the country. It is a very interesting and informative study of the country's development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is a valuable contribution to the study of the country's development.

The second part of the report deals with the economic situation of the country. It is a very interesting and informative study of the country's economic development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is a valuable contribution to the study of the country's economic development.

The third part of the report deals with the social situation of the country. It is a very interesting and informative study of the country's social development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is a valuable contribution to the study of the country's social development.

The fourth part of the report deals with the political situation of the country. It is a very interesting and informative study of the country's political development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is a valuable contribution to the study of the country's political development.

The fifth part of the report deals with the cultural situation of the country. It is a very interesting and informative study of the country's cultural development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is a valuable contribution to the study of the country's cultural development.

The sixth part of the report deals with the future of the country. It is a very interesting and informative study of the country's future. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is a valuable contribution to the study of the country's future.

prejudiced.

(b) The criticisms all said "may"; our answers have, in the main, said, "have not". The critics may say that to prove that international unions never have done certain things does not prove that they might not. This is true, in the same sense in which it is true to say that proving that the Chief Justice never has committed bigamy does not prove he might not. In both cases, theoretically, the possibility exists; but in both cases, we venture to assert, the record attests a character which for all practical purposes makes it an impossibility.

- a) Is it justifiable to consider American financial control of our Congress as membership in "International" (i.e. U.S. dominated) Unions together — or are they two quite different and distinct propositions.
- b) re Financial Statements. If the C.I.O. makes disclosure of the Unions do so also.
- c) re new "autonomous" Congress.  
Is it reasonable to assume that over time the C.I.O. directors of the various Unions will be responsible directly to the new Canadian Congress rather than to their own set of international officers.
- d) Do many of the "C.I.O. directors" reside in the U.S. — or is this just the case of the United Textile Workers — who incidentally put in a fine brief.



Table 1

Comparison of Canadian and U.S. average hourly earnings, selected industries, September 1951 and 1955

	September 1951				September 1955			
	Canada	U.S.	Difference		Canada	U.S.	Difference	
			¢	%			¢	%
MANUFACTURING	\$1.21	\$1.61	40	33.1	\$1.44	\$1.90	46	31.9
Durable goods	1.30	1.70	40	30.8	1.56	2.03	47	30.1
Non-durable goods	1.11	1.49	38	34.2	1.32	1.72	40	30.3
Automobiles	1.48	1.95	47	31.8	1.78	2.33	55	30.9
Rubber prods.	1.28	1.72	44	34.4	1.48	2.10	62	41.9
Electrical apparatus	1.32	1.64	32	24.2	1.51	1.89	38	25.2
Smelting & refining of non-ferrous metals	1.49	1.70	21	14.1	1.83	2.15	32	17.5
Chemicals	1.22	1.64	42	34.4	1.53	2.03	50	32.7
Tobacco & prods.	1.12	1.13	1	0.9	1.46	1.25	+21	+16.8
Pulp & paper	1.44	1.61	17	11.8	1.81	1.97	16	8.8
Primary iron & steel	1.47	1.92	45	30.6	1.85	2.50	65	35.1
Agricultural implements	1.50	1.84	34	22.7	1.55	2.06	51	32.9
Railroad & rolling stock	1.37	1.87	50	36.5	1.60	2.31	71	44.4
Meat prods.	1.33	1.64	31	23.3	1.53	2.04	51	33.3
Shipbuilding & repairing	1.28	1.81	53	41.4	1.59	2.23	64	40.3
Printing & publishing	1.34	1.98	64	47.8	1.71	2.37	66	38.6
Grain mill prods.	1.16	1.51	35	30.2	1.40	1.78	38	27.1
Saw & planing mills	1.17	1.51	34	29.1	1.35	1.73	38	28.1
Textiles	0.99	1.33	34	34.3	1.12	1.40	28	25.0
Clothing	0.88	1.29	41	46.6	0.98	1.35	37	37.8
Prods. of petroleum & coal	1.60	2.01	41	25.6	1.96	2.42	46	23.5
METAL MINING	1.40	1.73	33	23.6	1.65	2.26	61	37.0

Note that some classifications are not precisely the same.

Source: E.L.S. Monthly Labor Review, December, 1951 and 1955; D.B.S. Man-Hours and Hourly Earnings, October, 1951 and 1955.





Table 2

Comparison of Canadian and U.S. average weekly earnings,  
selected industries, September 1951 and 1955

	September 1951				September 1955			
	Canada	U.S.	Difference		Canada	U.S.	Difference	
			\$	%			\$	%
MANUFACTURING	450.05	465.45	15.40	30.8	559.25	677.71	18.46	31.2
Durable goods	54.21	70.84	16.63	30.7	64.23	84.25	20.02	31.2
Non-durable goods	445.79	58.75	12.96	28.3	54.22	69.14	14.92	27.5
Automobiles	58.06	77.92	19.86	34.2	64.94	97.16	32.22	49.6
Rubber Prods.	51.85	70.36	18.51	35.7	60.30	87.57	27.27	45.2
Electrical apparatus	53.73	66.35	14.62	27.2	62.25	76.17	13.92	22.4
Smelting & refining of non-ferrous metals	62.71	69.49	6.78	10.8	75.07	88.15	13.08	17.4
Chemicals	52.10	68.39	16.29	31.3	62.95	84.25	21.30	33.8
Tobacco & prods.	49.37	44.60	-4.77	-9.7	58.35	50.63	-7.72	-15.2
Pulp & paper	70.17	71.03	0.86	1.2	77.24	87.67	10.33	13.4
Primary iron & steel	59.37	78.30	18.43	30.8	76.32	103.75	27.43	35.9
Agricultural implements	61.36	74.32	12.96	21.1	62.00	83.43	21.43	34.6
Railroad & roll. stock	56.06	75.29	19.23	34.3	59.84	94.48	34.64	57.9
Meat products	53.82	68.51	14.69	27.3	60.85	87.52	26.67	43.8
Shipbuilding & repairing	54.78	72.06	17.28	31.5	66.75	88.31	21.56	32.3
Printing & publishing	53.69	77.85	24.16	45.0	68.39	93.62	25.23	36.9
Grain mill products	52.53	68.51	15.98	30.4	60.76	80.10	19.34	31.8
Saw & planing mills	47.07	59.94	12.87	27.3	56.42	72.31	15.89	28.2
Textiles	39.11	48.89	9.78	25.0	47.52	56.70	9.18	19.3
Clothing	32.71	46.05	13.34	40.8	37.89	49.68	11.79	31.1
Prods. of petroleum & coal	65.64	83.21	17.57	26.8	79.01	100.19	20.58	25.9
METAL MINING	59.67	75.25	15.58	26.1	72.72	96.28	23.56	32.4

Note that some classifications are not precisely the same.

Source: Same as Table 1.



Table 3

Comparison of Canadian and U.S. hours of work, selected industries, September 1951 and 1955

	September 1951			September 1955		
	Canada	U.S.	Diff.	Canada	U.S.	Diff.
MANUFACTURING	41.5	40.6	0.9	41.2	40.9	0.3
Durable goods	41.7	41.6	0.1	41.2	41.5	-0.3
Non-durable goods	41.4	39.4	2.0	41.2	40.2	1.0
Automobiles	39.2	40.0	-0.8	36.4	41.7	-5.3
Rubber products	40.6	41.0	-0.4	40.8	41.7	-0.9
Electrical apparatus	40.8	41.6	-0.8	41.2	40.3	0.9
Smelting & refining of non-ferrous metals	42.2	40.9	1.3	41.0	41.0	-
Chemicals	42.6	41.7	0.9	41.2	41.5	-0.3
Tobacco & products	44.0	39.4	4.6	40.1	40.5	-0.4
Pulp & paper	48.8	44.2	4.6	42.8	44.5	-1.7
Primary iron & steel	40.7	40.8	-0.1	41.3	41.5	-0.2
Agricultural implements	40.8	40.5	0.3	40.0	40.5	-0.5
Railroad & rolling stock	40.8	40.2	0.6	37.4	40.9	-3.5
Meat products	40.5	41.9	-1.4	39.8	42.9	-3.1
Shipbuilding & repairing	42.8	39.9	2.9	41.9	39.6	2.3
Printing & publishing	40.1	39.3	0.8	39.9	39.5	0.4
Grain mill products	45.4	45.4	-	43.4	45.0	-1.6
Saw & planing mills	40.4	39.8	0.6	41.7	41.8	-0.1
Textiles	39.5	36.9	2.6	42.5	40.5	2.0
Clothing	37.3	35.7	1.6	38.7	36.8	1.9
Prods. of petroleum & coal	41.1	41.5	-0.4	40.7	41.4	-0.7
METAL MINING	42.5	43.6	-1.1	44.1	42.6	1.5

Note that some classifications are not precisely the same.

Source: Same as Table 1.



LABOUR-MANAGEMENT RELATIONS

Unions in Canada now have more than one-and-a-quarter million members, and more than one-and-a-half million workers are covered by collective agreements (about a quarter of a million enjoy representation without taxation). Recognition of unions and collective bargaining in good faith are now required by law throughout the country. Employers are at least a great deal more willing to bargain in good faith than they were even fifteen years ago. Large voluntary organizations --- educational, social, welfare, and so on --- are not only willing but eager to have organized Labour represented on their Boards and active in their work. Governments, parliamentary committees and Royal Commissions listen to, and even invite, representations by organized Labour. Unions have come to stay, they are playing a larger and larger part in the life of the nation, and there is every reason to believe they will bulk still larger in the future.

The effects of union activities on the economy, moreover, extend far beyond the limits of organized plants or industries. Union wages, union hours, union working conditions, paid vacations, paid statutory holidays, and other "fringe" benefits, seep out into unorganized plants, first, because the unorganized plant cannot fall too far behind the organized and still keep its workers; and second, because sometimes the anti-union employer's only hope of warding off unionization is to give his workers something like what unions could win for them, or better; third, through legislation passed as a result of union pressure.

Good union-management relations, therefore, are important. They are important in themselves. They are important to Canada's future economic development, notably because of the close connection between industrial relations, productivity and living standards.

Collective bargaining is a continuing process. It begins when a plant is organized, it gets well under way during the negotiations and, subject to their successful conclusion, in a collective agreement, continues during the life of the agreement through the grievance procedure, through "policing" of the agreement, otherwise as well as through formal and informal discussions between union and management. The vast majority of Canadian agreements are reached and renewed, maintained and adapted to changing conditions, without any fanfare. The public is generally unaware of what has taken place unless the public relations department of either party issues a press release. That is not to say that there is anything secretive about the process. It is simply that peaceful





collective bargaining does not attract attention. It has often been remarked that the occasional strike eclipses the thousands of cases of peaceful settlement.

We are not for a moment suggesting that where agreement is reached without a strike it is necessarily achieved in an atmosphere of sweetness and light and with expressions of mutual esteem. Far from it. While there are many instances of mutual good faith, reasonableness and cordiality both during negotiations and afterwards, there are others marked by distrust and rancour. In some instances, of course, one side or the other succumbs to the threat, implied or otherwise, of economic force.

Yet it is the relatively infrequent strike that we are concerned with, for a number of reasons. For one thing, it is not the number of strikes that is necessarily significant though it may well be; it is the size of the establishment involved and its place in the economy that really counts. A strike of railway workers is an obvious case in point. Again, a strike does not necessarily recur in the same plant; over the years many different plants may be affected, so that the impact of strike action may be more widespread than the statistics would indicate. Furthermore, strikes may be symptomatic of bad or inadequate labour legislation, lack of good faith in bargaining, sub-standard wage conditions in an industry or area, and so on. Strikes, then, are a kind of index not only of union-management relations but of prevailing legislative and economic conditions.

But there is something else which is inherently more important than anything we have said so far. The right to strike is a basic civil liberty, since to deny that right is to remove the freedom of a worker to withhold his labour and to act in concert with his fellow-workers to persuade an employer to come to terms. This is, we believe as basic a right as the right of association or of free speech. Our society would be very much less free than it is now were the right to strike to be denied. It has indeed become less free with every procedure, statutory or otherwise, that has taken that right away from groups of workers in various industries and occupations.

Our long experience with collective bargaining and industrial disputes leads us to the conclusion that the prohibition of strikes is not only inconsistent with a free society, it is impracticable in that seemingly satisfactory substitutes do not work. In Australia, for example, a system of compulsory arbitration has not prevented the frequent occurrence of strikes. We shall return to the subject of compulsory arbitration presently.



Because strikes are serious in themselves and many that occur might have been avoided, we believe that this Commission might well consider ways and means of reducing their incidence. We offer suggestions under a number of headings:

1. Bargaining in Good Faith. This would appear to be a self-evident requirement. Presumably any bargain should be made in good faith. In union-management relations, where bargaining involves large numbers of people, good faith should be paramount.

What is "good faith"? It is not a term which lends itself easily to definition. To define is to limit, and good faith may differ in degree as between one industrial situation and another. In the case of an employer sitting down for the first time to bargain with a union, it may mean simply a sincere wish to find out what his employees want and develop a modus vivendi with this new agency that has suddenly become a part of his establishment. With a more experienced employer, good faith may mean considered proposals and counter-proposals based on both sides' experience and knowledge. In any event, both parties should make demands, proposals and counter-proposals which are reasonable, and are put forward with the genuine intention of reaching an amicable settlement.

This rules out the performance of the employer who merely meets the union and says "no" to everything it asks for. It also rules out "blue sky" demands by either side. Bargaining would not be bargaining if each side did not start off by asking more than it really expects to get. But an employer who pleads total inability to pay, and then ultimately does pay, perhaps a substantial amount, is not bargaining in good faith. He is wasting his own and other people's time and energy, and making a settlement harder to get. He is also laying a foundation of mistrust for future bargaining. An employer who begins negotiations by asking for a wage cut and a lengthening of the work week, when he knows he will have to give a wage increase and perhaps a shortening of the work week as well, is not bargaining in good faith. He also is wasting his own and other people's time and energy, and making a settlement harder to get.

Bargaining in good faith also implies a willingness to consider compromise formulas of settlement, since bargaining itself presupposes some amount of give-and-take.

All this lends support to our view that good faith is an intangible yet vital ingredient in collective bargaining. Difficult as it is to define, it should be required by all labour relations legislation, and failure to

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bargain in good faith should be punishable as an unfair labour practice.

This will not, of course, put an end to strikes. In certain circumstances, no amount of good faith on both sides will prevent a trial of strength. But bargaining in good faith would certainly reduce the number of stoppages, and remove many less spectacular, but very costly, obstacles to good industrial relations. Management and Labour alike have a basic responsibility to do all they can to arrive at agreements which will avoid stoppages and enable them to work together for their mutual advantage and the public good.

2. Informed Bargaining. Collective bargaining, to be effective, must deal in large measure with facts, not guesses or suppositions. In practical terms, the union must have available to it data concerning the firm it is bargaining with which will enable it to develop a proper bargaining relationship. It should be able to gain access to wage data, using the term "wages" in a broad sense to include methods of rate setting, whether by the hour or by the piece, or a combination of them, as well as the actual rates of pay being paid; company operating results, including financial statements in sufficient detail to be meaningful; basic information on such important fringe benefits as pensions and health and welfare plans, including employment records, gross and net costs, retention rates, rebates and other details in the establishment and administration of such plans; employment data, including high and low volumes of employment, average hours worked per annum, average earnings, and similar information; costs of various fringe benefits; etc.

This may appear to be a one-sided proposition. In a sense it is. But it has the effect of enabling the union to negotiate in the light of some knowledge of the state of the company and to that extent enables the union to bargain in good faith. It is the union which represents the employees and bargains on their behalf for wages and other conditions of employment. It must have the kind of information we have outlined if it is to be "responsible", to use the favourite term of those who, knowing they cannot eliminate unions, would like to hobble them. Presumably "responsible" in terms of the union means framing its demands in realistic terms, that is, making economic demands which are not excessive, burdensome on the employer, or beyond what is considered fair and reasonable at the particular time and place.

If providing information appears to impose a heavy obligation on the employer, it does not leave the union in the easy position of a passive



recipient. Knowledge of the facts means that a union must adjust its demands to those facts. It cannot rely on mere slogans. It is thus in the employer's interests -- if he really wants to get along with the union of his employees -- to see that the union is able to proceed on the basis of some knowledge of his plant. Where the employer is a multi-plant or multiple-subsidary operation, we believe that the information must be pinpointed to any part or parts of that corporation which are affected by the bargaining process. In general, we would say that the willingness of a company to give to the union the kinds of information we have just listed is a measure of its intention to bargain in good faith and to live with the union.

It may be worth noting at this point that the labour relations legislation of the Dominion and of the provinces clothes Boards of Conciliation with the power to call witnesses and examine such documents as they may deem necessary to get at the facts in a dispute. There are two shortcomings in this regard. One is that Boards have hesitated to use such power, preferring to rely on voluntary action by the parties concerned. The other is that getting such information after the negotiations have broken down is sometimes like the proverbial locking the door after the horse is stolen. The crucial time for the availability of information is before and during negotiations, not when the parties are glaring at each other and making plans for a strike or a lockout.

There are two important kinds of information which it is in the power of the various Dominion and provincial Governments to provide: reports of Boards of Conciliation and awards by arbitrators and arbitration boards. Such reports serve a useful purpose in helping to determine bargaining proposals, in assessing collective bargaining trends, in obtaining interpretations of <sup>agreement</sup> collective/provisions, in searching for precedents, and so on. The Governments alone have complete access to reports of Boards of Conciliation and they alone can require the filing of arbitration awards. These reports and awards should be collected, properly classified and indexed, published and made readily accessible to unions, managements and the public at large.

The Dominion Government publishes all Conciliation Board reports, in the Labour Gazette, but this, of course, covers only a very limited range of industries. Of the two main industrial provinces, Quebec and Ontario, Quebec publishes all reports of its "Boards of Arbitration" (whose awards are binding





in "public services", but not in other cases); Ontario resolutely refuses to publish any. This is presumably out of tender solicitude for the taxpayer. But we question whether it really does him any good. He probably loses as much through worse labour relations as he gains on printing or mimeographing economies; in fact he probably loses much more. Anyhow, the amount involved cannot be very large; and if the Quebec taxpayer can stand it, the Ontario taxpayer, who is richer, should be able to stand it too.

Arbitration reports, as far as we know, are not available at all from official sources, except, as just noted, in Quebec.

Generally speaking, the fact that we appear to be on the verge of a second industrial revolution makes the availability of information imperative. The introduction of atomic energy and the advent of automation present a host of problems, many of which are bound to affect industrial relations: New production methods, new job classifications, changed working conditions, retraining of personnel, these are but a few of the problems we can foresee. It is essential that unions as well as managements know of the changes that are taking place and of their impact, so that they can make the necessary adjustments in their collective bargaining practices and relationships. We propose elsewhere in this submission that additional governmental services should be provided to collect, collate and make available data about these new industrial developments insofar as they impinge on unions and managements.

### 3. Effective Dispute Settlement Procedures.

By and large, Canadian labour relations legislation encourages the negotiation of collective agreements by the parties themselves, without state intervention. There are some limitations, such as the imposition of time limits within which bargaining must begin, the insistence in Ontario for instance that a contract must contain or will be deemed to contain an arbitration clause, and so on, but generally speaking the negotiations themselves are reasonably free of outside control or influence. The state, as an interested party, appears on the scene when informed that negotiations have broken down. Then, almost all the Governments insist that, before a stoppage of work can legally take place, the parties must go through a two-stage conciliation process: first with a Government Conciliation Officer, then with a tripartite Conciliation Board (called "Arbitration Board" in Quebec and Alberta). Only after both



1. The first part of the report is a general introduction to the subject.

2. The second part of the report is a detailed description of the methods used in the study.

3. The third part of the report is a discussion of the results of the study.

4. The fourth part of the report is a conclusion and a list of references.

5. The fifth part of the report is an appendix containing additional data and figures.

6. The sixth part of the report is a summary of the findings of the study.

7. The seventh part of the report is a list of the authors and their affiliations.

8. The eighth part of the report is a list of the titles of the papers presented at the conference.

9. The ninth part of the report is a list of the titles of the papers presented at the symposium.

10. The tenth part of the report is a list of the titles of the papers presented at the workshop.

11. The eleventh part of the report is a list of the titles of the papers presented at the round table discussion.

12. The twelfth part of the report is a list of the titles of the papers presented at the panel discussion.

13. The thirteenth part of the report is a list of the titles of the papers presented at the plenary session.

14. The fourteenth part of the report is a list of the titles of the papers presented at the closing ceremony.

15. The fifteenth part of the report is a list of the titles of the papers presented at the opening ceremony.

the Officer and the Board have failed to bring about an agreement, and a specified further period (usually seven days) has elapsed, does a stoppage become legal, for the purposes of the Labour Relations Act. This process, even if the Acts were followed to the letter (which they almost never are), would (under the Dominion Act) take a minimum of almost seven weeks. (The Minister can refuse to appoint a Board, but he rarely, if ever, does refuse.) In practice, it almost invariably takes a great deal longer; first, because the Minister can extend the period within which the Conciliation Officer must report; second, because the parties, or the Minister, can extend the time within which the Conciliation Board must report; and third, because it is usually a physical impossibility to get the Conciliation Board set up, let alone functioning, within the time specified by the Act. The parties, and the Board members, are all busy people and finding mutually convenient dates for meetings is seldom easy. In many cases the Board's report is not forthcoming till six, eight or ten months, or even more, after its appointment.

This does not distress most of the Governments, because the aim of the legislation is to prevent stoppages, and the official theory is that the delay is a "cooling off" period. So of course the longer the delay the better: the dispute gets cooler and cooler, and the chance that it will erupt into a strike more and more remote. It does not always work out that way; on the contrary, the "cooling off" period often turns out to be a "hotting up" period, and the longer it lasts the hotter the dispute gets, and the greater the likelihood of a strike by workers who have lost all patience with "the law's delay".

The efficacy of the procedure has in fact been a matter of controversy in both Labour and Management circles. There has been general acceptance of the right of the state to intervene and of the desirability of a conciliation service. But there is a feeling that the easy availability of the service, especially the Board, tends to weaken the collective bargaining process and convert it from a vigorous exercise in informed give-and-take to a mere formality with both parties waiting for the Board to make the disagreeable and sometimes politically inconvenient compromises for them. There is a feeling that perhaps a single step conciliation procedure would be ample, eliminating either the Officer or the Board; the tendency is probably toward



a highly trained and well-paid Conciliation Officer. Other questions which occur to those close to the conciliation process are whether it should be mandatory at all, whether a Board of Conciliation should make recommendations on terms of settlement once it has failed to bring the parties to an agreement, whether a three-man Board should be replaced by a single appointee, whether a Board's terms of reference should be restricted, and so on.

Inherent in these and similar questions is the feeling that conciliation takes too long and is too cumbersome. The secret of good industrial relations is expeditious settlement of differences whether through more or less cordial negotiations or a knock-down, drag-out fight. Nothing is so corrosive of good relations, or potentially good relations, as delay and procrastination. And, we might add, no part of the existing labour relations legislation is so heavily weighted against the trade unions as the built-in delays.

Delays are almost always an advantage to the employer. They give him opportunities to undermine the union and intimidate its members, meanwhile building up his own strength against a possible test. Whatever he does he is able to do inconspicuously. For the union, on the other hand, there is only one effective action, to strike. But that is the very act which is prohibited by legislation before the mandatory conciliation procedures have been observed.

In all fairness, we wish to make it clear that we do not regard all the delays that occur as the result of employer manipulation although, as we have said, the legislation is weighted in favour of management because of the delay factor. The very nature of the procedure means delay. We have outlined the difficulties earlier. We are prepared, if need be, to give chapter and verse in a series of cases.

We want to emphasize how self-defeating this kind of process can be not only in effecting settlements, but what is perhaps more important, in terms of developing orderly union-management relations based on mutual confidence and prompt settlement of differences. It is in the interests of Canadian industry and of the community as a whole that a way be found to substitute prompter and effective methods than what we have now.

We do not wish to suggest to you that you engage in an exhaustive analysis of conciliation and of the possible remedies. It is at best a highly technical subject and we think you may very properly want to limit yourselves to rather broad and general opinions and recommendations. But we do believe





that this is a subject that should be the concern of any public body which is concerned with Canada's economic prospects.

It may perhaps be useful to you in your deliberations to know that while the conciliation procedures which we have described are standard throughout most of Canada, they are by no means a feature of industrial relations elsewhere. In the United States, almost all the States and the Federal Government have mediation and conciliation services; when and whether such services may or must be used varies from state to state. The process is on the whole, however, limited to this one step of intervention by a Government officer or by someone appointed to act on an ad hoc basis. In emergency disputes, special boards have from time to time been set up by the President. Generally speaking, however, the American system relies on a one-step procedure involving a state agency. The Board of Conciliation as set up under our legislation would be the exception rather than the rule, (See A Guide to State Mediation Laws and Agencies, published by the U.S. Department of Labor, September 1, 1954.)

In Western and northern Europe various methods of conciliation have been developed. In West Germany, there is a mediation system which provides for mediation services through state employees. "When serious disputes (of a national or interstate) character have developed, the Minister of Labor has usually assumed the role of mediator, and even the Chancellor has occasionally taken a hand." There is no reference in our source to any other procedure. In France, "The Labor Agreements Act of 1950 provides for mediation not by individual government officials, but only by tripartite mediation commissions ... The act purports to establish compulsory mediation but the terms are vague and the sanctions are lacking." In the Netherlands, "we find an unusual situation where the law regarding mediation gives a totally false picture of the actuality, where the government mediators do practically no mediating and where mediation is actually performed by a private 'Foundation' ... The key organization for our purpose is the Labor Foundation, a unique and fascinating institution. During the German occupation, top management and labor leaders often met clandestinely in the resistance movement. They decided that they would continue close collaboration after their country was liberated. Early in 1945 they established the Labor Foundation to ensure, as they put it, 'lasting good social relations on the basis of organized cooperation between

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employers and workers' ... While the Labor Foundation has operated with amazing success for a decade, its indefinite continuation is far from assured. Increasing friction may develop as a result of changing economic conditions." In Belgium, the system of mediation is "notable in that those government officials who are called mediators play a less important role than others who are not so designated and in that those who perform the more significant mediation do so on a part-time basis, yet participate actively in a negotiation from its very beginning ~~vv~~. The real mediators in Belgium are those officials of the Ministry of Labour, who, in addition to their regular administrative duties, have been named as president of one or more of the industry commissions (established for collective bargaining purposes for major agreements)." In Denmark, the mediation system is "highly centralized in structure and highly intermittent in timing. Its organization and operation are set forth in unusual detail in statutory form. It often involves strong governmental pressures in a country that has a vital tradition of voluntarism and democracy. Perhaps the most intriguing of its peculiarities is the extent to which elements of fact-finding and arbitration are intermingled in the mediation process." (All references in this paragraph from "European Variations on the Mediation Theme" by Professor William H. McPherson, in the Labor Law Journal, August, 1955.)

In Sweden, the system of mediation is again different and is closely tied to the collective bargaining system in that country. (See "The Place of Mediation in the Swedish Collective Bargaining System" by Howard E. Durham, in the Labor Law Journal, August, 1955.)

In Great Britain, "despite the general effectiveness of the voluntary joint machinery which has been established over a very large field of industry, differences are bound to arise from time to time on which there is failure to reach a settlement through an industry's own machinery and procedure. Provision has, therefore, been made by the State for assistance to be available for preventing and settling such differences. This assistance is rendered by the Ministry of Labour and National Service under statutory authority derived from the Conciliation Act, 1896, and the Industrial Courts Act, 1919 ... Under ... the Conciliation Act, 1896, it is within the discretion of the Minister of Labour to take such steps as may seem expedient to induce the parties to a

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be carefully documented to ensure the integrity of the financial data. This section also outlines the procedures for reconciling accounts and identifying any discrepancies that may arise.

Furthermore, it highlights the need for transparency and accountability in all financial dealings. By providing a clear and concise record of all activities, the organization can ensure that its financial statements are reliable and trustworthy. This is essential for maintaining the confidence of stakeholders and for making informed decisions about the future of the organization.

The second part of the document focuses on the implementation of internal controls to prevent fraud and mismanagement. It describes the various measures that should be in place to safeguard assets and ensure that all transactions are properly authorized and recorded. These controls are designed to minimize the risk of errors and to provide a framework for the organization's financial operations.

Finally, the document concludes by stressing the importance of regular audits and reviews. These processes are crucial for verifying the accuracy of the financial records and for identifying any areas that need improvement. By conducting thorough audits, the organization can ensure that its financial management practices are sound and effective.

In conclusion, the document provides a comprehensive overview of the financial management process. It covers the key principles of accuracy, transparency, and accountability, as well as the specific steps that should be taken to implement these principles. By following the guidelines outlined in this document, the organization can ensure that its financial records are reliable and that its financial operations are sound.

The document also serves as a valuable resource for anyone involved in financial management. It provides a clear and concise guide to the various aspects of financial management, from record-keeping to internal controls and audits. By understanding these concepts and their importance, individuals can contribute to the overall success of the organization.

Finally, the document emphasizes the ongoing nature of financial management. It is not a one-time task, but rather a continuous process that requires regular attention and review. By staying vigilant and committed to the principles of financial management, the organization can ensure its long-term success and growth.



difference to meet together by themselves or through their representatives, under the Chairmanship of an individual selected by them or nominated by the Minister or some other agreed authority ... If either party makes application to him, 'and after taking into consideration the existence and adequacy of means available for conciliation in the district or trade and the circumstances of the case', the Minister may 'appoint a person or persons to act as conciliator or as a board of conciliation'." (Industrial Relations Handbook, British Ministry of Labour and National Service, 1944.)

These scanty references do not describe in any satisfactory way the conciliation systems of those countries. They do indicate, however, that there are other ways than ours and we submit with much respect that we may possibly have something to learn from them. Our own system, at any rate, has evoked enough criticism for the powers that be to have another look at it.

4. Transfer of Jurisdiction. The development of large, multiple-plant corporations has tended to make one aspect of our labour relations legislation an anachronism. We refer to the limited jurisdiction in labour matters of the Parliament of Canada. As things now stand, a single union may hold bargaining rights simultaneously for various plants of one corporation in various provinces, and it may also have a single agreement covering all the plants notwithstanding several separate certifications by different provincial Labour Relations Boards. Yet, when a dispute occurs, and it is in fact a single dispute, the company and the union are compelled to apply for conciliation services to each of the provinces in which the plants are found. This is true of companies and unions in the <sup>pulp and paper industry, the</sup>meat processing industry, in parts of the steel industry, and so on. It has reduced opportunities for prompt settlement and has wasted the time and resources of both companies and unions. We believe it would be good sense for Parliament to bring such industries under its own legislation by declaring them to be "works for the general advantage of Canada" in accordance with its powers under section 92 (10) (c) of the British North America Act.

What we have said above also applies to those instances where bargaining has become industry-wide in character and cuts across more than one province. We believe that in cases such as these the greatest good for the greatest number can best be obtained by having one agency rather than





several deal with what is to all intents and purposes one dispute rather than several.

This is as good a place as any to refer to industry-wide bargaining in more general terms. We believe that as collective bargaining in Canada increases in maturity and as union organization is extended to plants and industries now unorganized, the tendency will be to widen the area covered by the collective agreement. There are already a considerable number of agreements extending beyond the individual employer to a group of employers in an area or across the country. Included among these are: the railway industry, the men's and women's clothing industries, the building industry, printing, paper-making, elevator construction, lithographing.

Such agreements have important effects. They stabilize wages throughout their domain and eliminate wage-cutting or low-wage maintenance as a competitive device. They make possible terms of agreement which have regard to conditions in the industry as a whole rather than in each establishment. They bring to the bargaining table a greater body of knowledge and a better perspective than is possible in one-plant bargaining and to that extent make for better informed bargaining and for greater industrial stability. On the other hand, they make it imperative not only that disputes settlement machinery be available but also that it work quickly and effectively, because the area of strife has widened correspondingly. We make these points as a further illustration of the need for a conciliation or similar process which will be an improvement over the present procedures.

Although conciliation in this country is compulsory, and as such is open to some criticism, there is nonetheless a certain degree of voluntarism attached to it. The parties are free to bargain without outside interference and they are not compelled to accept the recommendations of a conciliator or of a Board of Conciliation. Subject to such reservations as we have already made, we believe that such freedom is essential in a free society. Democracy has become a much-abused word, but it still connotes certain values which we have been prepared to defend by force of arms if necessary. In this context, it means, among other things, the freedom to make an agreement within the general framework of our laws and without state intervention; the freedom to lay down the rules under which the agreement will operate and for the adjustment of



differences as to violation or interpretation; the freedom to modify such an agreement from time to time, again without interference by a third party; the freedom to cease operations, whether on the part of the employer or the union, in order to enforce a position taken during the course of negotiations. Essentially, all these freedoms spell out voluntarism in industrial relations.

In recent years, this voluntarism has been diminished in some provinces and by the Dominion Government. We refer specifically to the appearance of compulsory arbitration as a means of settling disputes arising out of unsuccessful negotiations. In the province of Quebec, for example, the employees in a whole series of industries and occupations are precluded from engaging in strike action. In the case of the Dominion Government, railway workers were compelled to terminate a strike and resort to compulsory arbitration in 1950 and have subsequently repeatedly had the threat of compulsory arbitration held over their heads. We wish to say flatly and unequivocally that we are opposed to such compulsion. We object to it in principle. We are convinced that it is an unworkable means of settling disputes. It is objectionable and impracticable for the following reasons:

(1) It undermines self-government by employers and unions and breeds irresponsibility. Compulsory arbitration takes away from both parties the responsibility for working out their mutual problems and transfers it to Government tribunals. It undermines collective bargaining and replaces it with litigation. The presence of an arbitration board imposed by law creates an inducement to the parties to hold fast to their original positions and escape the charge that they yielded much too soon. It substitutes for bargaining in good faith what is vulgarly known as passing the buck.

(2) It cannot foster industrial peace because it deals solely with the results of disputes and not with their causes. Imposed against the will of those concerned, it sows new seeds of bitterness, resentment and friction. In the end it multiplies strife instead of preventing it. Accompanied by heavy penalties, it drives real grievances underground instead of resolving them, building up new pressures for more far-reaching industrial unrest. We can think of nothing that has done more damage to union-management relations on the Canadian railways than the enforced arbitration of 1950 and the subsequent plainly expressed threats of further such action each time the railway





unions have submitted their proposals to the railway managements.

(3) It substitutes Government-made rules for rules voluntarily made by the parties themselves. It thus tends to ignore, because it cannot be aware of, the complex of experiences, traditions, feelings and motivations which lie behind the parties' attitudes and patterns of collective bargaining. This inhibits rather than encourages the development of responsible collective bargaining relationships.

(4) It imposes by force what are ostensibly rational judgments but what are in reality subjective opinions since there are many aspects of collective bargaining which do not lend themselves to judgment by objective criteria. There is no universally recognized yardstick by which to determine wage rates, for example, or the work pace of an employee, or the kind of seniority arrangement that should prevail, and so on. These determinations can best be made by the parties themselves by a series of compromises freely arrived at.

(5) It is an invasion of freedom. By compelling workers to work against their will, it subjects them to involuntary servitude. This is odious and repugnant in a free society.

(6) It simply does not prevent strikes from occurring. Australia has for many years had a system of compulsory arbitration. Presumably its incidence of strikes should be at a minimum. But the situation is quite the contrary; with a smaller population and a smaller working force (although with a higher proportion of organized workers), Australia has had far more strikes than Canada. We cite the figures from 1950 on.

Year	Strikes in Canada			Strikes in Australia		
	Number	Workers Involved	Time Loss in Man-Working Days	Number	Workers Involved	Time Loss in Man-Working Days
1950	161	192,153	1,389,039	1,276	431,701	2,062,888
1951	259	102,870	901,739	1,344	408,592	872,974
1952	222	120,818	2,879,955	1,627	505,734	1,163,504
1953	174	55,988	1,324,715	1,459	496,046	1,050,830
1954	174	62,250	1,475,200	1,490	370,074	901,639
1955 (9 mos.)	122	49,862	767,248	1,187	323,602	839,991

(Source: Economics and Research Branch, Department of Labour.)



Quite obviously men cannot be forced to work against their will. Equally obviously no Government that is not authoritarian in character will arrest and jail thousands of workers who defy the law. Jailing them would, in any event, not produce goods or services. We do not condone law-breaking. We simply want to point out that free men will not submit to compulsion unless they agree to its desirability. Accordingly, we do not believe that compulsory arbitration can contribute to responsible union-management relationships. Coming, as it threatens to, at a time when the Canadian economy is expanding, and the Labour movement is following suit, it can only lead to exacerbation of feelings and a reduction in that voluntarism which is so important in our society.

In the more than a century that unions have existed in this country, significant changes have taken place in the public attitude to them. They started out as criminal combinations, conspiracies in restraint of trade. Later they were given the barest minimum of legal sanction. With this they had to be content for some 70 years. During this period, a union member had virtually no protection against dismissal because of his union membership, against blacklisting, against being forced to sign a yellow dog contract, against being forced into a company union. He and his fellow-workers had to engage in bitter struggles for the merest recognition of their organization by the employer. He was faced at best by an indifferent, at worst by a hostile, Government. The employer, the state, the community were seemingly united against him. Gradually, however, the situation began to change. Hostility gave way to grudging acceptance. By the end of the last war, legislation prevailed making union recognition mandatory subject to certain qualifications and requiring the employer to bargain with a properly certified bargaining agency. In the meantime, some of the older unions had established relatively stable bargaining relationships without benefit of such legislation. To all intents and purposes, unions were accepted; they were entitled to their existence; they served a useful purpose in protecting the worker against the corporation; they were a legitimate expression of working class aspirations. Even managements began to acknowledge that unions played a useful role in the plant by providing for stable and orderly personnel relations.

None of this took place in a vacuum. These developments took place



alongside of others, all of them reflecting a progressive change and a widening of Canadian outlook: the abolition of child labour, the enactment of minimum wage and maximum hours legislation, the extension of the franchise, the growth of social legislation protecting the aged, the weak and the defenceless, the enactment of fair employment practices legislation, and so on. In short, as Canada grew in breadth of spirit, so did its attitude to trade unions change.

What does this signify? It signifies to us -- and to others more dispassionate as well -- that no industrial society is free in which the trade unions are not free, or in which trade unions are forbidden. A free society is a pluralist society, abounding in voluntary associations, each contributing in its way to the common well-being by exercising its functions as a free or a relatively free agent. In such a society the unions have a useful, nay, an indispensable role. They bring a measure of representative government into the otherwise hierarchically or despotically run corporation. They provide an avenue for orderly relationships between employers and employees, based on freely-made agreement. They convert the worker from a commodity into a human being, with status and voice. They remove the imbalance between the large and powerful corporation and its employees who, when unorganized, are, as one student of the labour movement has expressed it, nothing but "the disordered dust of individuals".

These sentiments may seem far removed from the harsh realities of everyday life. We do not think so. They are tied to the kind of place Canada is going to be for this and future generations. Whether Canadian industry will be marked by strife or by accord between Labour and Management will depend in large measure on the attitude taken to unions by managements and by Governments. Canada's economic prospects as a consequence will depend in turn on whether the trade unions continue as free agents in a free society or only half-free. We respectfully submit that this should be a fruitful subject for consideration by this Commission.

*These should  
be the questions  
on this section*





POSSIBLE REQUIREMENTS OF SOCIAL CAPITAL

The growth of population which has been forecast by the experts would of itself create substantial demands for capital investment in such things as streets, roads, sewers, water works, schools, housing and the like even though our industrial activity should not continue to show a similar trend or our living standard improve. If, however, these are also to continue to tend upwards, the demand will be even greater in this field.

The housing situation is discussed separately at the end of this section.

The school problem also appears in a separate section just ahead of the housing sub-section.

Now what about the necessary services of streets, roads, sewers, water works and the like? How can we best supply all that will be needed of these for the greatest number at the lowest cost consistent with quality?

Almost every community of any size in Canada has an acute traffic problem. Streets are too narrow; parking space is at a premium. Cars are getting longer and more powerful.

As the motor vehicle population increases the problem will become more acute. You have had suggestions made to you that there will be a motor car or truck for every three Canadians by 1980. Unless there is planning for this, the result can only be traffic chaos.

Planning in this case means municipal, provincial and federal planning.

In another section we discuss some aspects of transportation policy. Surely we cannot expect to meet the motor traffic problem without careful consideration of its present elements and its future impact on the financial capabilities of the municipalities and provinces.

If we are to accept the forecasts of experts as to the growth in motor vehicle population and traffic, and we have no reason not to do so, then we must expect to have to build and maintain a vast highway system. We think that consideration should be given to the development of a separate system of highways to carry heavy truck and van line traffic, and that your Commission should consider this in relation to an overall transportation policy.

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If some such measures are taken to relieve the municipalities of the burden of the traffic problem, we think it likely that they could handle by themselves the provision of water works, sewers and so forth even for the greatly expanded urban population which seems certain. In this connection we would again call attention to our suggestions for decentralization of population.





SOCIAL CAPITAL: SCHOOLS

The School Finance Research Committee of the Canadian School Trustees' Association, in its thorough study of school finance in Canada, as summarized in The Road Ahead to Better Education (February, 1955, pp. 10-11), reports as follows: "The average of three estimates made in this investigation gave enrolments in 1965-66 to be 63 per cent higher in elementary and 70 per cent higher in secondary school grades than corresponding 1951-52 enrolments. To provide school seats for the extra pupils Canada will need about 38,000 extra classrooms and 38,000 additional staff members. At present dollar values, new buildings will cost \$750 million; the increase in annual salaries of teachers will amount to nearly \$100 million." Omitted from this estimate are the pupils who drop out of school each year between grades VII and XI. Actually, there has been a slight improvement from year to year in grade "retention" figures. Assuming that 50 per cent of the non-attendance were eliminated, and that the average cost of educating a pupil in grades VII to XI is \$200 a year, the increase in education cost, according to the Committee, would be about \$14 million annually for staff salaries and about \$2 million annually for debt retirement charges on school buildings.

It is now 1956 and some of these classrooms have been built and some of the teachers have been recruited. But much remains to be done and we think that both parts of the problem of providing adequate educational facilities are matters to which your Commission could give consideration.

Providing the necessary classrooms for our growing school population is putting great strain on the borrowing and taxing powers of municipalities and school boards in all parts of Canada. This is apparent even in the richer provinces and in spite of provincial financial assistance.

There seems to us to be a real need for federal financial aid for education. We think that this could be given without any interference with the provinces' jurisdiction. Certainly it seems to hold the only real hope for levelling up educational facilities and opportunities in Canada.

The staffing side of the problem seems even more acute, however. Again quoting The Road Ahead to Better Education, there were 5,150 persons without any professional training serving as teachers in 1952-53, and another




4,000 had only partial training. Presumably the additional teachers who have to be recruited to staff the new schools should be fully trained. Presumably too we would like to weed out those persons who are teaching without training or without adequate training.

We have referred in other sections of this submission to the need for training and re-training programmes. Can we hope to cope with this demand when we are unable as yet to staff the elementary and secondary schools with fully qualified persons?

Admittedly our ablest young people have been shunning the teaching profession and seeking careers in industry and other walks of life. Perhaps expectations of economic rewards were not the only reasons for this decision, but, again from The Road Ahead to Better Education, in 1952-53 12,580 teachers received a salary less than \$100 per month; and the average (median) provincial salaries in the same year ranged from \$1,125 to \$3,405.

We are raising this matter with your Commission because we feel that failure to meet this problem may result in otherwise unnecessary bottlenecks developing as our future economic development proceeds.





SOCIAL CAPITAL: HOUSING

One of the most important parts of social capital is the supply of housing. We want to see Canadians get the housing they need at prices they can afford. This involves three questions: how much do they need, what is the physical capacity of the house-building industry, and what can people afford.

1. How much do they need?

The total need is made up of the current annual need, plus the housing backlog. Everyone agrees there is a housing backlog, though there are wide differences about its size. But whatever it is, if we are not to add to it, we have got to build, each year, enough new dwellings to provide for the new families who need it and to replace dwellings that fall down or are torn down or abandoned.

Net new family formation in 1955 was about 76,000. Dr. Firestone's figures for dwellings destroyed or demolished (Residential Real Estate in Canada, p. 271) suggests that the present figure for these must be around 9,000 or 10,000. Assuming that each new family needs a separate dwelling (which involves the question of voluntary doubling-up, a matter we shall discuss in a moment), this would mean a total annual current need of around 85,000 dwellings. Unless there is a large amount of voluntary doubling-up, it is plain that, last year, when housing construction reached an all-time high, we were at last building enough housing to keep pace with current need, and making some appreciable impression on the backlog. We no longer had to run harder than we had ever run before, just to stay in the same place, and not too good a place at that.

How big is the backlog? Mr. Mansur, before the Banking and Commerce Committee in 1954, after an elaborate discussion of various factors, offered an estimate of 75,000 to 200,000 units ( p. 72 of the Committee's Proceedings). We are convinced that this is far too low.

In the first place, Mr. Mansur himself put the amount of doubling-up at 376,900 families and non-family households (p.68). But he thinks about two-thirds of this is voluntary (p. 78). We are unable to share this optimistic view. How many young couples, or old people either, really want to live with their in-laws? If there are as many as Mr. Mansur seemed to think, why does the Census show such a small percentage of doubling-up among what it calls "wage-earner" (in this case, pretty obviously salary-earner) families whose head gets \$6,000 or over, and steadily higher percentages for





successively lower income groups? Bulletin 3-12, Table 134, shows that, for wage-earner families whose head was getting \$6,000 or over, the percentage of families not maintaining their own household was 1.43. For those getting \$4,000 to \$5,999, it was 3.10. For those getting \$3,000 to \$3,999, it was 6.17. For those getting \$2,000 to \$2,999, it was 10.64. For those getting \$1,000 to \$1,999, it was 14.75. For those getting less than \$1,000, it was 19.46. For those living with relatives, the percentages go up in the same way, as the income of the head goes down: .77, then 1.80, then 3.49, then 5.85, then 8.43, then 11.04; similarly, of course, for those living with people they are not related to: first .66, then 1.30, then 2.68, then 4.79, then 6.32, then 8.42. It is perhaps flattering to the working-class to assume that family affection and ardent friendship increase so markedly as income decreases. We submit, however, that the flattery is not warranted. We know of no reason whatever to suppose that poor people are any fonder of doubling-up than rich people. If more of them do it, it is because they have to. The 1.43 per cent of doubling-up among families whose heads are getting \$6,000 or more is probably mainly voluntary. It would be very surprising if the average of genuine voluntary doubling-up for all families were at all higher. We therefore submit that involuntary doubling-up alone constitutes a housing backlog of around 370,000 units.

It is, of course, true, as Mr. Mansur pointed out, that this makes no allowance for the quality of the housing or the size of the dwellings. But these factors would to some extent counterbalance each other, and it is hard to believe that the net result would markedly reduce the 370,000.

Mr. Mansur felt that the figures of number of persons per dwelling and number of persons per room "have little use as a yardstick in determining housing need" (p. 71). With this, we are not disposed to quarrel.

Then there is the question of dwellings in need of major repairs, or lacking inside running water or exclusive use of inside toilet or exclusive use of bath or shower. How many of these really ought to be torn down and replaced? Mr. Mansur did not give a figure, but he believed "that for most of them repair and improvement, rather than replacement, is the practical and economical course of action" (p. 72).

This also may be a great deal too optimistic. The Curtis Report noted that in the 27 major cities of the 1941 Census, there were almost 256,000 dwellings "in need of external repairs and/or lacking or with shared



use of flush toilets and bathing facilities." It estimated that about 100,000 of these needed replacement. In the 34 major cities of the 1951 Census, 94,090 dwellings were in need of major repairs, 113,055 were without exclusive use of flush toilet, and 185,090 were without exclusive use of bath or shower. The figure corresponding to the Curtis Report's 256,000 would therefore seem to be at least in the neighbourhood of 200,000, and the number needing replacement would be about 80,000. The Report added another 25,000 for these cities for dwellings whose "habitability is destroyed by location in slum areas which are beyond redemption." There seems to be no reason for supposing that the number of these would be any smaller now. In the smaller cities and towns, the Report estimated that one-third of the dwellings in need of external repairs should be replaced; it made no addition for "blight and slum conditions." Applying the same proportion to the 1951 figures for smaller urban centres would give a figure of about 37,000. On the Curtis Report basis, therefore, replacement of urban sub-standard and slum housing would now add about 140,000 to the backlog.

This would give a total backlog of over 500,000, without any allowance whatever for replacement of sub-standard rural housing, which the Curtis Report put at 123,000. Even if this latter figure were cut in half --- a generous assumption --- this would leave the total backlog at about 550,000. Even cutting this total in half would leave a backlog of 275,000, which is considerably above the top of Mr. Mansur's range of 75,000 to 200,000. We find it very hard to believe that the backlog can be much below 300,000, and would be surprised if it were below 400,000.

2. What is the physical capacity of the house-building industry?

The Minister of Public Works, in April, 1953, put it at about 135,000. Mr. Mansur, in 1954, put it at 125,000 to 130,000 (p. 87). Last year, we had about 138,000 starts, and about 128,000 completions. So the construction industry is working<sup>almost</sup> to capacity. Last year it knocked about 45,000 off the backlog. To wipe out a backlog of 400,000 would take about nine years, at this rate.

3. What can people afford?

This is the most complex question yet. The answer depends on: (1) the size of family incomes, (2) housing costs, notably the down payment, the interest, and the period of amortization, and (3) whether housing is subsidized or not.

The size of family incomes is not easy to get at. Income Tax





statistics are for individuals. So are monthly figures of average earnings of wage-earners and salary-earners. Census statistics are for heads of wage-earner and salary-earner families. Even if we confine ourselves to wage-earner and salary-earner families, we are faced with the fact that there may be more than one earner in the family, and other sources of income besides wages and salaries.

Of the total 3,011,755 families (wage-earner, salary-earner, employer and own-account-worker) with one or more members in the labour force at the date of the Census, 860,882, or 28.6 per cent, had more than one member in the labour force. (For urban families, the percentage was 29.4.) In other words, between two-thirds and three-quarters of all families had only one member in the labour force. How nearly this proportion held true for wage-earner and salary-earner families, we do not know. But it seems likely that most wage-earner and salary-earner families had only one bread-winner.

Where there was more than one earner, we don't know how many there were nor how much they brought in.

Nor do we know how much supplementary income wage-earner and salary-earner families had from taking in lodgers, from savings, from family allowances, from old age security, and so forth. The probability is that such supplementary income was generally small, though the variations might be considerable.

Of wage-earner and salary-earner heads of families at the date of the Census, excluding those whose earnings were "not stated," or "nil", about 32.5 per cent had got less than \$2,000 in the preceding year. Allowing for the increase in average weekly earnings since June, 1951, the equivalent figure now would be about \$2,500. In June, 1951, about 58 per cent altogether were getting less than \$2,500, which is roughly equivalent to about \$3,150 now. For urban heads of wage-earner and salary-earner families, about 26.2 per cent were getting less than \$2,000 at the date of the Census, and about 53.0 per cent less than \$2,500. Roughly speaking, therefore, it looks as if, now, about a quarter of the heads of urban wage-earner and salary-earner families were getting less than \$2,500, and about half less than \$3,150.

We think it safe to assume that well over half of all wage-earner and salary-earner families have very little income beyond what the head gets, and that a good third of such families are getting less than \$3,150.

At the beginning of November, 1955, average weekly earnings of wage earners proper in seven heavy industries with very little female labour and relatively high wages, were at the following annual rates:



Pulp and paper mills	\$4,052
Heavy electrical apparatus	3,552
Primary iron and steel	4,005
Non-ferrous smelting and refining	3,921
Products of petroleum and coal	4,408
Coal mining	3,292
Metal mining	3,941

What are housing costs? The cheapest N.H.A. single-family house ( $1\frac{1}{2}$  storey, unfinished) appears now to cost, on the average, \$11,686 (Canadian Housing Statistics, 3rd Quarter, 1955, p. 29). According to Mr. Mansur's table at p. 161 of the Banking and Commerce Committee's Proceedings, at the present rate of interest ( $5\frac{1}{4}$  per cent), a \$10,000 house amortized over 25 years would require an annual income of \$3,597, and amortized over 30 years \$3,381. A \$11,686 house would therefore require an annual income of about \$3,951 to \$4,203. This, of course, takes no account of the down payment. Pretty clearly, even in the highest paid industries, there are a lot of wage-earners who cannot afford to buy even the cheapest N.H.A. house listed in Canadian Housing Statistics.

It seems perfectly safe to say that at least a third, perhaps a half, of all wage-earner families, are not going to be able to buy even the cheapest housing under the Act, without cutting down on other necessities of life.

If Parliament wants to bring home ownership within reach of lower-paid workers, it will have to provide for a much lower rate of interest. This would mean, in effect, a subsidy to home ownership.

Under the National Housing Act, the maximum interest rate is  $5\frac{1}{4}$  per cent. As the lending institutions are insured against almost all risk, the interest rates should be substantially reduced. To give them a rate of  $5\frac{1}{4}$  per cent and almost complete immunity against loss, is not traditional "free enterprise." It is fool proof and completely protected enterprise. A high interest rate is supposed to compensate the lender for risk. The lending institutions, under this Act get the high rate, without the risk.

The contrast between our Act and the proposals of President Eisenhower's special committee on housing a few years ago --- a 40-year period of amortization, and virtually no down payment --- are very marked. If the main point is to get the down payment as low as possible, the American proposal is much better. It would, of course, push up the monthly payments



and the total cost, unless the interest rate were substantially reduced.

All this has to do with home ownership. What about rental housing?

Broadly, there are two sets of provisions in <sup>the</sup> Act for what is described as "low-rental" housing. ~~Each just carries on, unchanged, provisions of the present Act.~~

The first is section 16: the provision for loans to limited-dividend companies. This really provides for moderate-rental housing. It is beyond the means of the low-paid worker.

The other is section 36, which provides, among other things, for subsidized low-rental housing, properly so called, with the Dominion paying three-quarters of the cost, and the provinces, or the province and the municipality (if the province so decides) the rest. This section also provides for land assembly projects, on the same basis, which can be a considerable help to municipalities in meeting some of the costs they would otherwise incur as a result of housing developments. (Some of the municipalities' problems, of course, really involve a reorganization of local government, and redistribution of the proceeds of taxes, national, provincial and local; but this would take us too far afield.)

The subsidized low-rental housing provisions of the present Act have not been used as widely as they should have been. This is partly the fault of the municipalities, which have to set the whole thing in motion; partly the fault of citizens who ought to have prodded the municipalities into action; partly the fault of the Dominion Government, which has been content to hide this particular light under a bushel, instead of setting it on a national candlestick. The Government ought to have trumpeted its achievements in putting this section on the statute book <sup>some</sup> four years ago, and ought to have encouraged people all over the country to take advantage of it. Instead, it has been strangely reticent about one of the things it should have been proudest of.

Bringing the banks into the mortgage business is good. But it is not going to bring much, if any, help to the people who need it most. It helps the prospective home-owner, especially if he is near the point where need becomes effective demand. But we are most interested in those whose need is nowhere near that point: the people who are too poor to be able to build, or buy, or rent, decent housing without cutting down on other things they need.





We are in favour of home ownership. But we think the cost can be and must be considerably reduced, if it is to be brought within the reach of the great mass of workers. We are in favour of co-operative housing. We are in favour of moderate-rental housing, under section 16.

More of all of these is needed.

But we are most strongly in favour of more public, subsidized low-rental housing under section 36. More of this is urgently needed. This, and co-operative housing, are the only methods which will provide decent housing for the people who need it most. On the whole, hitherto, our national housing policy has concentrated on helping people of moderate, or more than moderate, income. It is time for a shift in emphasis.

Some modifications of sections 16 and 36, we believe, could be of considerable assistance. Section 36 fails to provide for continuity of initiative. The municipality has to take the initiative, but once it has done so, it has no further control. The control passes to a Local Housing Authority named by the province. We have reason to believe that this is one of the causes for so little use being made of this section despite the latent demand for subsidized housing.

Section 16 provides for low rental housing to be built and rented by limited dividend corporations. We believe that this could be extended to allow such corporations to build and rent suitable accommodation to lower income families on renewable leases, but with the objective that suitable tenants could occupy the premises for the period of the mortgage and then on the winding up of the corporation become the owners of the housing unit.

This would allow lower income families to obtain adequate housing accommodation at reasonable monthly rates without down payment. The presence of the limited dividend corporation as a buffer between the lender and the prospective owner who has no initial investment in the housing unit should, we think, provide adequate protection to the lender. The tenant-purchaser would in most instances be an excellent housekeeper knowing that he was obtaining first class housing on the best possible terms and these within his ability to pay.

If we go on building at the same pace as last year, and if net new family formation does not increase sharply, and if the house-building industry



stays about as large as it is now, a decade should see the virtual disappearance of the housing backlog. A good deal of the new housing may not be the kind that is most urgently needed, and the poorer families will probably, in the main, have to put up with the results of the famous "trickling down" process ( by which, as the richest people move into fine new houses, the next richest take the ones they have just left, and so on down the line). And of course this does not dispose of the problem of sub-standard housing: the hundreds of thousands of houses which need major repairs, or lack the ordinary amenities of civilized twentieth century existence on this continent; the thousands of fire-traps taking their hideous annual toll. And ten years is much too long to wait if we don't have to.

The house-building industry is now working pretty close to capacity. If we want to get the housing backlog and the slums cleaned up promptly, we shall need to expand that industry; and if we bring in immigrants on anything like the scale some people are proposing, we are in no danger of finding the expanded industry too big. We must also do everything we can to promote technical progress in the industry, and to get rid of seasonal unemployment. With this last subject we deal elsewhere, in our discussion of full employment.





TRANSPORTATION POLICY

Another matter of the utmost importance to the future development of Canada is transportation policy. On this, no doubt, you either have had or will have very full expert information. To this we can add little or nothing. What we can, and must, do is to emphasize the need for developing a national transportation policy which will make the most economic use of all our transport facilities: rail, road, water and air. We are well aware that this is no easy task. But it must be attempted.

The problem presents itself in its most acute form in the position of the railways, and presents itself afresh every time the railway workers enter into negotiations with the railway managements. The railways plead inability to pay. The mills of conciliation begin to grind. After a long delay, they grind out something which, as a rule, neither side feels it can accept. A settlement is then imposed, by compulsory arbitration or the threat of it. This leaves the railway workers in a state of frustration and exasperation, which increases with every successive repetition of the performance.

This is not good for the railways, the railway workers, or for Canada. Anything that can be done to remove its causes should be done, and done promptly.

What are the causes? One is, unquestionably, the competition of road transport. We are not suggesting that railways should be given a privileged position, free of competition. This is neither practicable nor desirable. But the kind of competition between rail and road transport that now prevails is, on the face of it, unfair. The railways are carefully regulated by the Board of Transport Commissioners for Canada. The trucks and buses are regulated by provincial Boards. Any resemblance between the factors which govern railway rates and those which govern bus and truck rates is pure coincidence; and if the various regulating bodies arrive at a result that assigns to each form of transport the job it can do best and most economically in the interests of the nation, that also is pure coincidence.

Whether, as the railways have often alleged, road transport is receiving a hidden subsidy from the public purse because it is not paying its share of the cost of the roads it uses, we are not in a position to say; and we realize that calculating this share is a complicated piece of work. Our



complaint is that, at present, nobody even tries; and the railway managements and railway workers alike are left with a sense of grievance, a sense of being discriminated against, a sense that if they got not a privileged position but simply fair treatment, based on a fair assessment of the public interest, they could hold their own, settle their own differences by normal collective bargaining, and not have to keep running to the Board of Transport Commissioners or the Government and Parliament of Canada for higher rates or other help.

The Royal Commission on Transportation which reported in 1951 recommended an overall regulation of railways, buses and trucks, airlines and waterways. The purpose of this was to remove some competitive factors and to distribute the total traffic among the transportation agencies in such a way that each would participate fairly in the field and in our fast growing economy.

"With the continued industrial growth of Canada," said Frank H. Hall, Vice-President, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, "there should be plenty of business for everybody in the transportation industry. But elements of unfair competition should be eliminated and public policy directed towards such regulation as would provide for fair treatment of the various competitive interests and certainly of the many thousands of workers involved."

Until recently, the big difficulty in the way of solving the problem of rail and road competition was the question of jurisdiction. Local road transportation was unquestionably provincial. The provinces claimed that interprovincial and international road transportation also came under their jurisdiction. Until this question was settled, it was clearly impossible for the Parliament or Government of Canada to take any effective action to co-ordinate rail and road transport. But in 1954, the jurisdictional difficulty was removed. The Judicial Committee of the Privy Council decided that interprovincial and international road transport came under the exclusive jurisdiction of the Parliament of Canada.

That judgment opened the way, at last, for a proper co-ordination of long distance rail and road transport by a single national body, in the national interest. Logically, the judgment should have been followed by an Act placing interprovincial and international road transport under the Board



of Transport Commissioners, and making it subject to exactly the same control as the railways.

But the Government did exactly the opposite. It handed the whole thing back to the provinces. It could not, of course, transfer jurisdiction. But it passed through Parliament an Act placing the control of interprovincial and international road transport in the hands of the various provincial Boards.

So, instead of co-ordination in the interest of the nation, we have dis-co-ordination in the interests of the individual provinces. Instead of one national body, carrying out a national transportation policy, we have a national body with a national policy for the railways, and a string of provincial bodies with a string of provincial policies for the highways. The Government and Parliament of Canada, with the plight of the railways and the railway workers staring them in the face, shrugged their shoulders and abdicated their responsibilities.

But when railway workers ask for better wages and conditions, comparable with those paid for comparable work in other industries of like importance to the nation, and the railways plead inability to pay ( an inability caused at least partly by highway competition), and the railway workers, having exhausted the conciliation process, declare their intention of exercising their legal right to strike, what happens? The Government hastens to declare that, "in the national interest", it cannot permit a strike. It must set aside its own industrial relations legislation. It must deprive railway workers of a right which they enjoy under that legislation, and which nearly all other workers in Canada enjoy under that legislation or comparable provincial Acts. It must pass special legislation, not to remove the cause of the trouble but simply to suppress its symptoms. As the President of the Canadian Brotherhood of Railway Employees and Other Transport Workers put it, in his presidential address last October, "When it comes to regulating trucks and buses, the national interest takes a back seat; but when it comes to regulating railway workers, it's right up in the front row."

"This sort of thing," Mr. Smith added, "just won't do. Our national Government is supposed to be there to protect the national interest, and if ever there was a vital national interest in this country, it is transportation. Yet this is precisely the national interest which the





Government has betrayed by its action in respect to highway transportation. Until it reverses that action, railway workers are not going to be much impressed by smooth talk about the economic impossibility of giving them what they are entitled to have. The time has come, indeed it is long overdue, for the national Government to use all the powers it has to give this country a proper unified transportation policy and so to give both railway and highway transportation and both railway and highway workers a fair deal."

It may be argued that, even if Parliament exercised its jurisdiction to control interprovincial and international road transport, it would be ineffective in dealing with road transport within the boundaries of a single province; and that with provinces as big as Ontario, Quebec or the western provinces, this is a highly important part of the whole. If there is anything in this argument, then surely, the proper course is to seek an amendment to the British North America Act to give Parliament whatever extra powers are necessary to do a proper job. To follow the opposite course, denude itself of the powers it already has, and hand them over to bodies which in the nature of things cannot even attempt any co-ordination, is to make confusion worse confounded, to place the railways under a severe and utterly unjustified handicap, and to bedevil industrial relations in one of the chief industries of the country. (2)  
See for  
more

We have only to add that if the co-ordination is attempted, and it turns out that the railways, even with fair treatment, cannot meet highway competition and provide their employees with wages and working conditions comparable with those enjoyed by like workers in other industries of like importance, then there are two solutions of the problem which must be ruled out. One, to let the railways go bankrupt, is obviously impossible. The country can't get along without them, no matter how much we spend on highways or airways or shipping. The other, to keep the railways alive by forcing their employees to subsidize them, may not be so obviously impossible, but impossible it is. The law may be able to prevent them from striking. It cannot prevent the younger generation from deciding that railway employment, by and large, is not worth entering. Things have not yet come to that pass, but they could.

If someone replies that this is all nonsense, because railway



workers are all rolling in money, we can only say that he is grievously mis-informed. Some jobs on the railways are certainly relatively well paid. So they should be. The lives of hundreds of thousands of people depend on them. Other jobs on the railways are not even relatively well paid; but the people who do them are in the long run just as essential to keep the trains going as the highly skilled running trades. Unless the great mass of railway workers get proper treatment, the supply of labour of this kind for the railways will sooner or later dry up.

The problem of rail and road transport is not going to solve itself, and the railway workers are not going to solve it by making themselves a burnt offering on the altar of cheap transportation. If the people of Canada want an efficient transportation system, they must be prepared to pay for it. They have a right to insist that they should not have to pay for more than they are getting because railways are handling traffic that should go to highways or vice versa. Unless this problem is tackled vigorously and promptly, the future economic development of Canada will be hampered and retarded, perhaps very seriously.

There is one other aspect of the transportation problem on which you may expect us to touch: shipping. On one aspect of this, coastal shipping, we have already presented our views to the Royal Commission on that subject, and we wish to place before you the recommendations which were contained in the briefs which we presented to that body.

- "1. That Canada is a growing nation which requires expanding water transportation services.
2. That coasting and intercoastal trade should be reserved for Canadian built and manned vessels.
3. That trade on our inland waters should be reserved to Canadian and United States vessels on an agreed equal and equitable basis.
4. That our international trading position requires a commensurate merchant fleet.
5. That our shipbuilding industry should be stabilized, which would be possible if the foregoing adjustments were made.
6. That recruitment and maintenance of adequate forces of trained personnel in both industries pose real problems.
7. That an adequate merchant fleet and a stable shipbuilding industry are a vital part of our national defence.





The one other point we wish to establish is that, while we are fully aware of the basic need to maintain our national activities on a sound economic foundation, there are other considerations in national policy. The development of Canada as an economic and political power among the nations of the world is dependent upon our economic growth at home and our ability to deliver the goods wherever they are needed and on time. Thus our growth and development as a shipping and shipbuilding nation is as important as is our development as a producer of uranium, gold, iron, oil, paper or wheat."



HEALTH INSURANCE

Health insurance is very rapidly moving from the field of controversy into that of practical reality, if, indeed, it has not already done so. The question as we see it is now no longer whether but when health insurance should be introduced.

Health insurance, as we understand and propose to use the term, is the provision of comprehensive health services to all Canadians (and others who may qualify) through a state scheme. By comprehensive health services we mean complete health care, including preventive and diagnostic as well as curative and rehabilitative services by physicians, surgeons and other specialists, hospitals and other agencies. In the words of Lord Beveridge: " ... Social insurance should be comprehensive, in respect both of the persons covered and of their needs." And again: "... A comprehensive national health service will ensure that for every citizen there is available whatever medical treatment he requires, in whatever form he requires it, domiciliary or institutional, general, specialist or consultant, and will ensure also the provision of dental, ophthalmic and surgical appliances, nursing and midwifery and rehabilitation after accidents." (Social Insurance and Allied Services: Report by Sir William Beveridge, 1942.) In brief, the word "comprehensive" as related to health services, should be taken in its literal meaning.

We take the position that good health is more than simply the absence of illness. We find ourselves in good company: the declaration of the World Health Organization defines health as "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity." (WHO Constitution; Article 1.) It is this positive approach to health which we believe essential for the welfare of the Canadian people and toward which health insurance should be directed. In the words of Sir Arthur Newsholme:

"Civilized communities have arrived at two conclusions, from which there will be no retreat, though their full realization in experience has nowhere been completely achieved. In the first place the health of every individual is a social concern and responsibility; and secondly, as following from this, medical care in its widest sense for every individual is an essential condition of maximum efficiency and happiness in a civilized community."

(Sir Arthur's "nowhere" now needs to be qualified since broad health



care programs have been introduced in Great Britain and Sweden, to mention but two examples. His statement was made in 1929.)

It is on the basis of these conclusions by Sir Arthur to which we subscribe that we believe this subject to fall within this Commission's terms of reference. It may be considered, we believe, under reference (d): trends in productivity and standards of living. Quite clearly, good health and the availability of adequate health care facilities are bound to make an important contribution to productivity and are most certainly related to the kind of living standards which Canadians may expect to enjoy.

We have within a single generation seen extraordinary progress made in the medical sciences. New discoveries and new methods of treatment, the so-called "miracle drugs" to cite but one example, have brought about the same kind of change which the Industrial Revolution brought to industry some hundred and fifty years ago. Just as a relatively crude and limited production system was transformed into one capable of producing vast wealth, so medicine has been changed from a system of rather limited preventive and curative resources into one with very great powers to keep people well, to diagnose illness more accurately, to heal and rehabilitate the sick and to prolong life. But, to continue the parallel, the ability to provide in abundance has been frustrated by the unsolved problem of distribution. In both instances, the inability to get goods or services to those who want and need them is to be found in economic causes: in the case of goods, inadequate purchasing power; in the case of medical care, rising costs and the inability to budget for such care under the traditional fee at time of service system of payment, as well as lack of income.

The very great advances made by medicine have created problems of their own. Increased medical knowledge and its variety have hastened the advent of the specialist. New diagnostic and curative methods have brought many kinds of new and costly apparatus, and established new classes of medico-technical personnel. Hospital services have grown in complexity. The very success in prolonging life, for example, has necessitated a new branch of medicine: geriatrics. The greater body of knowledge and the need to specialize have lengthened the training period for doctors. This new complex of medical science and development has meant, inevitably, higher costs. It





simply costs more to train and equip a physician, to complete and man a hospital, and so forth.

This process has been accompanied by a considerable increase in the layman's awareness both of the desirability of good health and the availability of medical facilities. The popularization of medical discoveries, the educational work done by public health and other agencies, the rising standard of living, have created a demand for adequate health care. This has been reflected in the willingness of large numbers of people to enroll in group medical and hospital plans whether non-profit or commercial. In large measure they have done so because such plans made medical costs at least partially predictable and brought some degree of medical care within their reach. The pre-occupation of unions and managements with collective bargaining for package health plans is part and parcel of this trend. However, as we intend to show later, these voluntary plans have not been able effectively to meet the demands of the people and cannot do so except at great and unnecessarily high costs if, indeed, they can do the job at all.

The Canadian Sickness Survey 1950-51 made jointly by the Dominion Bureau of Statistics and the Department of National Health and Welfare, has revealed the close relationship between medical care expenditures and family income and between size of family and expenditure. When family units were divided into income groups it was found that average annual expenditure per family unit was:

No income	\$15.90
Less than \$1,500	46.60
\$1,500 to \$2,999	88.50
\$3,000 to \$4,999	116.80
\$5,000 and over	158.70
ALL INCOME GROUPS	82.10

Breaking down annual expenditures by size of family unit revealed the following:

1 person	\$52.80
2 persons	91.00
3-4 persons	112.90
5-6 persons	116.50
7 plus persons	108.00
ALL SIZES	95.00

(Canadian Sickness Survey, 1950-51, Special Compilation: No. 1.)

These figures are significant. Well-to-do families are spending more on medical care than poor families, presumably not because they are ill



oftener but because they have greater financial resources. Large families spend less proportionately than smaller families although one would imagine that their health needs would go up as the family increases in size. Yet it must be noted that the one place where there is a steady rise in payments as the size of the family goes up: expenditures for non-prescribed medicine. It may be reasonable to suggest that the larger families, having less available for medical care, apply more self-medication. Dental services which might be expected to go up as the size of the family increases, drop beyond the 3-4 person unit; only a little over a quarter of total family units reported any expenditures on dental services at all.

In terms of expenditures on prepayment plans the relationship to income is not so clear cut but while all family units spent an average of 23.6% of total expenditures for health services on such plans, the percentage was only 15.4% for families with incomes of less than \$1500. (Canadian Sickness Survey, 1950-51, Special Compilation: No. 1.) Clearly, those families for whom budgeting of health services would be most important are not the ones who are enjoying its benefits. There is, however a markedly close relationship between income and no expenditures whatever. The number of family units reporting no expenditures at all was as follows (Canadian Sickness Survey, 1950-51, Special Compilation: No. 2.):

Less than \$1,500	19.7%
\$1,500 - \$2,999	7.7
\$3,000 - \$4,999	4.3
\$5,000 or more	3.3
ALL INCOMES	13.6

An examination of regional data derived from the same survey shows other significant information. (Canadian Sickness Survey, 1950-51, Special Compilation: No. 4.) The following tables indicate (a) that the distribution of wealth in this country is uneven as between regions; (b) that the health services expenditures as a whole are disproportionate to the size of the income groups; and (c) that the distribution of expenditure groups varies considerably from region to region.





Estimated distribution of all family units, by region  
and income group

Region	Income group				
	All incomes	Under \$1,500	\$1,500-\$2,999	\$3,000-\$4,999	\$5,000 and over
All family units (000's)					
Canada <sup>1</sup>	4,555	1,322	1,864	833	271
Newfoundland	94	54	26	8	2
Maritime	394	185	136	46	9
Quebec	1,147	282	465	189	84
Ontario	1,669	427	698	347	125
Prairie	830	248	367	150	30
British Columbia	420	126	172	93	21
Per cent					
Canada <sup>2</sup>	100	29	41	18	6
Newfoundland	100	57	28	9	2
Maritime	100	47	35	12	2
Quebec	100	25	41	16	7
Ontario	100	26	42	21	7
Prairie	100	30	44	18	4
British Columbia	100	30	41	22	5

1. Columns do not necessarily add to Canada totals, due to rounding. Rows do not add to regional totals, due to the omission of family units in the "no income" and income "not stated" groups.

2. Rows do not add to 100 per cent, due to the omission of family units in the "no income" and in the income "not stated" groups.



Estimated distribution of total expenditures, by region and income group

All items<sup>1</sup>

Region	All incomes	Income group			
		Under \$1,500	\$1,500-\$2,999	\$3,000-\$4,999	\$5,000 and over
Millions of dollars					
Canada <sup>2</sup>	373.8	61.6	165.0	97.2	43.0
Newfoundland	2.6	1.1	1.0	0.4	0.1
Maritime	28.4	8.9	11.6	5.8	1.9
Quebec	99.2	16.4	44.9	23.5	11.7
Ontario	137.9	17.2	59.3	39.0	21.5
Prairie	63.5	11.9	29.0	16.0	3.7
British Columbia	42.2	6.1	19.1	12.7	4.1
Per cent					
Canada <sup>3</sup>	100	16	44	26	12
Newfoundland	100	42	38	15	4
Maritime	100	31	41	20	7
Quebec	100	17	45	24	12
Ontario	100	12	43	28	16
Prairie	100	19	46	25	6
British Columbia	100	14	45	30	10

1. Includes fourteen items of health care.

2. Columns do not necessarily add to Canada totals, due to rounding. Rows do not add to regional totals, due to the omission of expenditures of family units in the "no income" and income "not stated" groups.

3. Rows do not add to 100 per cent, due to the omission of expenditures of family units in the "no income" and in the income "not stated" groups.

Estimated distribution of family units, by region and expenditure group

All items<sup>1</sup>

Region	All groups	Expenditure group					
		\$0	\$1-19	\$20-49	\$50-99	\$100-199	\$200 and over
Distribution of family units (000's)							
Canada <sup>2</sup>	4,555	621	757	938	995	838	407
Newfoundland	94	19	38	23		15 <sup>3</sup>	.
Maritime	394	53	86	83	83	63	25
Quebec	1,147	160	197	237	218	215	121
Ontario	1,669	279	255	309	373	302	150
Prairie	830	75	152	203	194	146	60
British Columbia	420	35	29	83	117	109	48
Per cent							
Canada <sup>4</sup>	100	14	17	21	22	18	9
Newfoundland	100	20	40	24		16 <sup>3</sup>	--
Maritime	100	13	22	21	21	16	6
Quebec	100	14	17	21	19	19	11
Ontario	100	17	15	19	22	18	9
Prairie	100	9	18	24	23	18	7
British Columbia	100	8	7	20	28	26	11

1. Includes fourteen items of health care.

2. Columns do not necessarily add to Canada totals, due to rounding. Similarly, rows do not necessarily add to regional totals.

3. The estimate shown is for the three expenditure groups \$50-99, \$100-199 and \$200 and over. There was insufficient information on which to base separate estimates for each of the groups.

4. Rows do not necessarily add to 100 per cent, due to rounding.



A comparison of the first and second of these three tables shows that the Atlantic provinces have a disproportionate number of family units in the under \$1,500 category; in the case of Newfoundland, almost double the national figure. In the other categories, these same regions are well below the national figure. Of the \$3,000 - \$4,999 group, Newfoundland, the Maritimes and Quebec fall below the national figures, while all the regions but Quebec and Ontario are below the national figure for the \$5,000 and over group.

The same comparison shows that the under \$1,500 family units, although making up 29 per cent of all family units, accounted for only 16 per cent of total expenditures. At the other end of the scale, the \$5,000 and over family units, although making up only 6 per cent of the total number, accounted for 12 per cent of the total expenditure. Similar disparities exist within the various regions.

The third table emphasizes the fact that nil or very low expenditures were more prevalent in the Atlantic and Prairie provinces than elsewhere. If health insurance is intended, among other things, to level up the amount of health care, here is an instance of where levelling up would have plenty of scope.

We do not propose to weary this Commission with extensive data on the volume of sickness in Canada as revealed by the survey already cited. We believe that a general statement, without detailed breakdowns, will be sufficient for our purpose and the Commission's. In the twelve-month survey period it was found that

"... 58.5 per cent of the total population, or roughly 3 out of 5 people, were disabled at one time or another.

"About half of the population, 47.9 per cent, were laid up in bed one or more times during the year; this may have been at home or the hospital...

"Altogether about 4 out of 5 persons, 80.4 per cent, had some complaint during the year. These complaints ranged from very minor discomforts to major disabling illnesses, involving bed-rest or hospitalization...

"...about three quarters of all persons with complaints were required to stay away from their usual activity. Of these disabled persons, about 4 out of 5 went to bed.

"...one half of all complaint periods caused no interruption of normal activity. However, of the 15 million disability periods, 73.1 per cent gave rise to bed care.





"On the average, each person in the population had about one disability period (1.1), regardless of duration during the year. For bed care, it is estimated there was an average of 0.8 bed periods per person in the population."

(Canadian Sickness Survey, 1950-51, Special Compilation: No. 5.)

The kinds and numbers of medical care services obtained during the survey period may be of interest (Canadian Sickness Survey, 1950-51, Special Compilation: No. 8, pp. 9-12):

(1) 24,180,000 doctors' calls and clinic visits, on behalf of 43.2 per cent of the surveyed Canadian population of 13,540,000;

(2) hospital care for 10.2 per cent of the population, with an average of 16.9 days for those hospitalized;

(3) home nursing services for 150,000 people;

(4) some 540,000 surgical operations for 510,000;

(5) dental care for about 2,000,000, exclusive of care given at school dental clinics, and involving about 4,370,000 dental visits;

(6) about 540,000 examinations for glasses for about 450,000 people;

(7) miscellaneous (including chiropractic) health care for about 220,000 people, including 960,000 chiropractic treatments and about 860,000 other treatments.

All these figures, unrefined as they are, are sufficient to indicate that illness is a major Canadian problem. When related to other data that have been cited here, they raise many questions. How much of this illness could have been prevented? How much of it was properly treated, i.e., received the kind and degree of care that competent medical authorities would prescribe? Were adequate rehabilitative services provided for all who needed them? What financial burdens did the incidence of illness impose? To what extent did lack of income preclude adequate medical care? To what extent were adequate medical facilities available to those who needed them? Did those families which reported no medical expenditures not require any? How many Canadian families would satisfy the WHO definition of good health? It is in the light of questions like these, we submit, and not solely in fiscal terms, that the question



of health insurance should be examined.

The point might be made by a proponent of the voluntary purchase of medical care that a considerable number of Canadian families are now able to get such care through group insurance plans and that the number has grown since 1951 and is still growing. This is quite true. According to a survey made by the All Canada Insurance Federation and the Canadian Life Insurance Officers' Association, there were at the end of 1952 almost 5,500,000 Canadians covered by hospital expense insurance, almost 4,000,000 by surgical expense insurance, and more than 2,900,000 by medical expense insurance. (Financing Health Services in Canada, February, 1954. Published by The Joint Committee on Health Insurance.)

A more recent compilation has been made by the Department of National Health and Welfare. (Voluntary Medical and Hospital Insurance in Canada, August, 1955.) The Department estimated that

"...at the end of 1953, about 4.6 million persons or about 30 per cent of the total Canadian population had purchased insurance of some type for medical care benefits, (i.e. physicians' services), after allowing for duplication... Similarly coverage under voluntary hospital care programs increased from about 3.5 million persons or 27 per cent of the total population in December 1948 to 5.9 million persons or 40 per cent of the population in December 1953... It would appear that about 25 per cent of total payments to physicians and 24 per cent of our total public and private general hospital care bills were provided through these voluntary programs in 1953, as compared with an estimated 11.5 per cent and 18.5 per cent respectively in 1950."

May we suggest with much respect that the Commission should not allow itself to be unduly impressed by the seeming magnitude of these figures. They beg the very same kind of questions that we have raised earlier. These figures simply indicate that some Canadians are getting some of their medical care through prepayment. A majority of the people are still following the more traditional method of purchasing medical care, that is, when they are able to purchase it at all. But even conceding the significance of the figures quoted above, there still remains the fact that the quality of the medical care provided may be far from adequate, using the term "quality" to include not only technical competence but quantity of care as well. The prepayment plans, including both the non-profit and commercial variety, fail to provide medical care of good quality in a number of ways (we shall return presently to a fuller discussion of "quality"):





(1) they fail to include preventive services;

(2) by their exclusions and limitations they fail to give full medical care; for example, there may be dollar limitations on diagnostic x-ray, or a one-year waiting period for refractions, or a 10-month waiting period for confinements, or the complete exclusion of pre-existing conditions, etc.;

(3) they fail (especially the commercial underwriters but the non-profit agencies as well) to cover the complete cost of the services required;

(4) they undertake at most to cover a medical care charge but do not undertake to guarantee the provision of a service or a facility, nor the proper co-ordination of services;

(5) they enjoy a subsidy to the extent that hospitals are financed in part at least through governmental grants and by the public at large;

(6) they are in large measure not amenable to public scrutiny and control.

These are by no means the only criticisms that can be levelled at the private schemes. There are others of a very practical nature. The eminent American medical administrator, Dr. Michael M. Davis, points to a number of others in his recent study of medical care. (Medical Care for Tomorrow, by Michael M. Davis, 1955.) In discussing the consumer's versus the producer's point of view he makes these comments:

"1. When consumers organize to provide health insurance for themselves, their objective is usually medical service; financial protection accompanies this primary purpose.

"2. The producer's point of view stands out in the euphemistic phrase 'retention charge.' From the consumer's point of view, this charge is expressed quite differently. It is the proportion of the consumer's premium dollar which never comes back to him in benefits, but which stays with the producer, however legitimately.

"3. We are struck by the way in which some producers make virtues of what consumers will consider limitations. For example, the California [Medical Association] committee considers it a virtue of indemnity insurance that it does not alter that pattern of medical service and that manner of



paying the physician, which these producers desire to retain. Some consumers and some physicians, on the other hand, believe that group practice and salaried services are desirable.

"4. Again, there is the term co-insurance, which from one approach may have the pleasant suggestion of joining a partnership. From the consumer's point of view, however, co-insurance means simply that his health insurance does not cover his doctor and hospital bills. The 'principles' according to which co-insurance is required are sound if we admit the assumptions on which they rest. These assumptions are those of private insurance. From the consumer's point of view, these assumptions so reduce the medical and economic values of health insurance as to make it necessary for society to devise and utilize another type of health insurance, a type which will not be subject to such limitations.

"5. Certainly most consumers would be glad if health insurance plans would improve the quality and lower the net costs of medical care; although the producer's point of view, as we have quoted it, puts such objectives outside of the area which health insurance should even attempt to influence."

Elsewhere, Dr. Davis points to other elementary weaknesses such as the loss of coverage by the unemployed worker, limitations on membership imposed by job or residence, adverse selection, high retention rates and the exclusion of certain groups. The last-named point, the failure to reach certain sections of the population, needs to be reiterated. These private schemes fall down on the job of insuring the self-employed, the employees of small employers, people in rural areas and special categories such as the aged. They do not cover these groups partly because of the prohibitive costs and partly because of the adverse selection which is involved. The high degree of urbanization in Canada, the development of large corporations and the success of unions in bargaining collectively for welfare plans have contributed considerably to the success of the non-profit agencies and the insurance companies in covering as large a section of the population as they have. Most certainly the high level of employment and the relative prosperity which have accompanied the war and post-war years have played their part as well.

It may be argued, nonetheless, that however deficient these plans,



they are a forward step. This we would not deny. We agree that half a loaf is better than none but when all is said and done it is a whole loaf that we want and not a half.

The position of the majority of Canadians still purchasing medical care by the traditional method of fee-for-service needs to be considered. It is they who are in the most unfortunate position of all since they are completely at the mercy of unpredictable illness or accident. To quote Dr. Davis:

"For individuals and families under the fee-for-service system of payment, the 'costs of medical care' give rise to two major problems. One is high-cost illness, bringing unpredictable and often destructive burdens upon families. This is the obvious problem which stirs emotions and raises hard feelings. The other problem is lack of care, or delay in obtaining care--often bringing high ultimate costs in suffering, disability, and expense of hospitalization. This is the hidden problem. It is not hidden, however, to those who will see it, and it is probably more serious in its effects upon the health and efficiency of our people, than the problem of high-cost illness which makes the headlines."

Another eminent American, Dr. James Howard Means, a former president of the American College of Physicians, has also expressed criticism of fee-for-service payments (Doctors, People, and Government, by James Howard Means, M.D., 1953 ):

"Doctors by and large tend to work too long and too hard either for their own good or for that of their patients. The competitive nature of their work is largely responsible for this situation..."

"The tragic thing is that this situation is remediable if the doctors could be made to see it. The fee-for-service method of payment, in my opinion, is the chief source of trouble. Under that system of private practice, the more fees he collects the better off the doctor is. Naturally he works hard to get them, and charges what the traffic will bear. This is good neither for him nor the patient..."

"It has been argued that the salaried doctor does less good work than he who is on the fee-for-service basis. I submit that there is abundant evidence to the contrary. In government service, in teaching clinics, and in such places as the Mayo Clinic, where all doctors are on fixed salaries, medicine of the highest quality can be, and often is, done.

"...The chief objections to the uncontrolled fee-for-service system, as I see it, are that it may on the one hand tempt the doctor to call upon or summon the patient to his office oftener than is necessary and, on the other, that it may keep the patient away from the doctor when he really should go. It is difficult to induce a patient to go to the doctor for periodic check-ups when he is feeling well, under a fee-for-service system. It is the easiest thing in the world to get him to do so when he is entitled to it under a capitation or prepayment plan of some sort."

(We would remind the Commission at this point that a "check-up" is





not included in the services provided by most voluntary prepaid plans in Canada.)

Notwithstanding the fact that fee-for-service is the traditional method of payment in private practice, it is well to remember that it has undergone some major changes in the past few years. In a good many instances the fee has become subject to control--voluntarily imposed, it is true--by a schedule of fees established under a prepayment plan such as Physicians' Services Incorporated in Ontario. This, however, is a slippery device. When the Ontario Medical Association recently adjusted its schedule of fees upward, an increase in membership rates was shortly afterwards announced by PSI, a physician-controlled agency. In this instance, the increase in rates may have the effect of forcing some subscribers out of the seemingly controlled fee situation into an uncontrolled one.

There are, in addition, a considerable number of doctors who are on salary. These include doctors in the armed services and in government service, doctors on the teaching staffs of universities, and so on. A recent publication by the Department of Health and Welfare (Survey of Physicians in Canada, June 1954; published, April, 1955 ) shows that the percentage of active civilian physicians in Canada other than in general private or specialist private practice was

in 1948	25.7	per cent	(excludes Newfoundland)
in 1949	26.2	" "	
in 1951	25.7	" "	
in 1954	27.7	" "	

It may be of interest to show the breakdown of these figures by provinces for 1954:

Newfoundland	53.7	per cent
Prince Edward Island	19.5	" "
Nova Scotia	23.3	" "
New Brunswick	24.9	" "
Quebec	30.4	" "
Ontario	26.9	" "
Manitoba	26.9	" "
Saskatchewan	22.6	" "
Alberta	24.9	" "
British Columbia	26.7	" "

In 1954, in absolute numbers, of the 15,651 active civilian physicians in Canada, 4,334 were in other than general private or specialist private practice. Under the circumstances, the preoccupation of the organized



medical profession with fee-for-service payment may represent a point of view which is tending to become obsolete so far as its own members are concerned.

It has been suggested by the Canadian Medical Association, among others, that there be an extension of voluntary prepaid medical care plans "to cover all residents of Canada with financial assistance from public funds where this is required." (Statement on Health Insurance, June, 1955.) We do not think this is the solution to inadequate medical care, on a number of grounds:

Simply extending existing plans would mean the perpetuation of existing inadequacies and gaps in the medical care people need. Preventive care would continue to be neglected. Financial problems -- underpayment by indemnification plans, so-called co-insurance, not quite comprehensive coverage by non-profit plans, and so on--would remain unsolved. Standards would vary not merely between province and province but between neighbour and neighbour. Instead of a uniform plan, the country would be covered with a crazy-quilt of varying services and various premiums, accompanied by much wasteful duplication of administrative machinery through a private bureaucracy, and the burdening of the taxpayer with everything the private plans found too tough or too costly to handle.

The proposal is all the more extraordinary in view of the fact that the proposed scheme has proven unworkable in the long run and has been replaced by state schemes in such countries as Great Britain and Sweden which have had a long, first-hand experience with "friendly societies".

In this connection we draw the Commission's attention to the statement made by I.S. Falk, Director, Division of Research and Statistics, U.S. Social Security Administration, about five years ago (Medical Care Insurance, Lessons from Voluntary and Compulsory Insurance: Adequacy of Financing. Paper presented before the American Public Health Association Annual Meeting, November 2, 1950 ):

"The financial history of medical-care insurance testifies that voluntary insurance was superseded in other countries by compulsory insurance mainly or largely because voluntary plans cannot finance a nation's need. The last twenty years of intensive trial and substantial failure to achieve comprehensive insurance protection in the United States through voluntary





insurance confirms this lesson from history. Voluntary insurance in the United States is repeating many or most of the worst financial mistakes of health insurance history. It cannot avoid them unless it seeks subsidy and surrenders some of its voluntary features, because inadequate financing is inherent and inevitable in voluntary plans.

"Compulsory insurance can be adequately financed. It can have broad coverage, provide comprehensive benefits and protect against most of the burdensome costs of medical care. It can have the funds to pay adequately for the services that are needed. It can support care of high quality, and can encourage further progress in research and professional education."

The CMA proposal must be considered, therefore, as not much more than a last ditch effort to stave off a more far-reaching method of providing health services for the people. It is ill-considered and short-sighted and betrays a degree of self-interest that is out of character with the truly honourable history and traditions of the medical profession. Possibly it reflects a lack of awareness of organizational know-how and we are tempted to repeat what Mr. Wendell Berge, one-time Assistant Attorney General of the United States, once said to a meeting of medical men in his country (Justice and the Future of Medicine, presented to the American Urological Association, St. Louis, June 21, 1944):

"...As a group, physicians have been little exposed to the discipline of the social sciences, and social organization is as intricate and as full of mysteries as the art of medicine itself. So when I hear a physician speaking about the organization of medicine in a tone of doctrinaire finality, I cannot fail to remark the contrast with the courageous and humble search for truth displayed in his own work."

We are compelled to reach the conclusion, a conclusion already reached by the governments of many countries that only a national scheme of health insurance, administered by the state on behalf of the people, can effectively meet the health needs of the people and render the range of services such as those set out by Lord Beveridge. Such a scheme, it seems to us, has a number of obvious advantages over the status quo:

(1) it would make health services available to that section of the population which is at present wholly or partly deprived of them;

(2) it would spread the cost of health care over the whole population and thus provide a more equitable distribution of that cost;

(3) it would make possible large-scale preventive measures and thereby reduce the incidence and degree of illness;



(4) it would assure more effective provision of facilities and personnel for medical care;

(5) it would make for adequate financing of a desired health care program;

(6) it would establish common minimum standards of health care without regard to income or location;

(7) it would bring closer to practical realization the definition of good health made by the World Health Organization and, incidentally, subscribed to by the Canadian Medical Association.

We should like to expand on some of the points made above.

Availability of Health Services. The present system of medical care and payment has not resulted in an even distribution of medical care facilities. In 1954, 73.7 per cent of all active civilian physicians were concentrated in urban centres of 10,000 or more population which contained 48.2 per cent of the population according to the 1951 census; 52.5 per cent of general practitioners were in such centres, 93.4 per cent of specialists and 86.3 per cent of those falling into neither of these classifications. On a provincial basis, the population per physician varies markedly, from 777 in British Columbia and 858 in Ontario to 1,436 in New Brunswick and 2,117 in Newfoundland. (Survey of Physicians in Canada, Dept. of National Health and Welfare, 1955.) Turning to hospitals, the estimated rated bed capacity, both existent and under construction, at December 31, 1954, ran from a low of 3.3 per 1,000 population in Newfoundland to a high of 7.1 in Saskatchewan. On the same date there was a shortage of 11,561 acute hospital beds across Canada and of 13,224 chronic and convalescent hospital beds. (Hospitals in Canada, Dept. of National Health and Welfare, September, 1955.) The situation with regard to dentists is even more serious. There are simply not enough dentists in Canada. Their distribution is completely distorted, both between and within provinces. The dental schools are not turning out enough graduates and a sizable proportion of dentists now in practice are elderly. The average population per dentist in Canada as of January 1955 was 2,838. For Newfoundland it was 12,061, but setting aside this province whose conditions are somewhat different, the proportion by provinces ranged from a



low of one dentist per 2,146 people in British Columbia to a high of one per 4,597 in New Brunswick. Since dentists tend to settle in urban centres, the proportion of dentists to rural population is far worse than any of these figures indicate. Canada's last dental school was built some 35 years ago. Her present five schools have a total undergraduate capacity of just over 200. (Canadian Dental Association, Statistical Data re Dental Personnel in Canada, January, 1955.) We believe that a state scheme, guaranteeing specified services, will expedite the provision of personnel and services where they are in short supply. A better distribution of facilities, plus a greater assurance of satisfactory earnings, would conduce to a better distribution of doctors and dentists.

Spreading the Cost of Care. This is virtually a self-evident proposition. At present, the cost of illness is borne very largely by the families in which sickness occurs. Health insurance would spread the cost over the whole population on the basis of ability to pay.

Large Scale Preventive Services. The secret of good health, in a positive sense, is the prevention of illness or dealing with it before it has become serious. Under our present medical system, preventive care has been relegated to the side-lines. Under a proper health insurance scheme it will play a major role. The role of government in the field of preventive care is a traditional and accepted one. The polio vaccination program is but one highly publicized example.

Adequacy of Financing. The state is in a position superior to that of any private agency. It can compel membership in any scheme and it can finance any scheme through direct contributions, through income tax, or both. In the words of Lord Beveridge: "The State with its power of compelling successive generations of citizens to become insured and its powers of taxation is not under the necessity of accumulating reserves for actuarial risks and has not, in fact, adopted this method in the past." (Social Insurance and Allied Services: Report by Sir William Beveridge, 1942.) A noted American authority, Dr. Eveline M. Burns, takes the same position: "...Social insurance has increasingly shed the features which closely paralleled or even duplicated, those of private insurance...In private insurance it is





held that reserves are necessary so that claims will be honoured when they fall due; in social insurance, the state can control the present and future numbers of the insured and adjust the premiums whenever neccessary, with no fears of losing the more profitable business to rivals." (Private and Social Insurance and the Problem of Social Security, by Eveline M. Burns, in Canadian Welfare, February 1 and March 15, 1953.)

Is compulsion odious? We refer again to Dr. Davis in regard to health insurance:

"We accept compulsion of payment for many services under conditions which leave us freedom in the use of these services. Public parks, public libraries, and public health services are examples...

"In the case of payment for medical care, national health insurance would substitute a legal compulsion to prepay some of our sickness costs, for a previously existing compulsion of a different origin. Unless we accept charity, or violate our obligations, we are compelled by sickness to pay the bills which it brings. Medical care, 'an undesired necessity,' imposes its own compulsion for which health insurance is a substitute. Much of our existing 'voluntary' health insurance involves compulsion, nongovernmental but nevertheless effective, as when a payroll deduction for health insurance is a condition of employment in an establishment or of membership in a union. When we face the facts frankly, we find that we accept a legal compulsion under two conditions: (1) when we believe it necessary to the accomplishment of a desired purpose; and (2) when the decision imposing the compulsion is made by processes in which we have shared or which we regard as equitable." (Medical Care for Tomorrow, by Michael G. Davis, 1955.)

Dr. Davis has also defined "the five conditions of quality" in medical care and we believe reference to them would be relevant here:

"I. Personnel:

- A. Well-trained, technically and personally competent physicians, with a balance as between general physicians and various specialities, appropriate to the opportunities of modern medicine and to the conditions of the community or area served.
- B. Associated professional personnel - dentists, nurses, medical-social workers, etc. - sufficient in number, level of education, and personality.
- C. Sufficient technical, clerical, and other assistant personnel, under good working conditions.

"II. Facilities:

- A. Sufficient capital investment to provide buildings and equipment of high standard, in offices for private practice, and in health agencies, hospitals, clinics, laboratories, and pharmacies.

"III. Organization:

- A. Service organization, through hospital and clinic staffs, medical, dental, and nursing societies, and other professional bodies; relating general physicians and specialists, and sometimes also residents, interns, and students, effectively with

1. The first part of the report is a general introduction to the subject.

2. The second part is a detailed description of the methods used.

3. The third part is a discussion of the results obtained, and a comparison with previous work.

4. The fourth part is a conclusion, summarizing the main findings of the study.

5. The fifth part is a list of references, giving the sources of the information used.

6. The sixth part is an appendix, containing supplementary material.

7. The seventh part is a bibliography, listing the works cited in the report.

8. The eighth part is a list of figures, showing the data used in the study.

9. The ninth part is a list of tables, showing the data used in the study.

10. The tenth part is a list of symbols, defining the notation used in the report.

one another and with other personnel, in coordination with the needs of the patient. Relation with teaching and research when possible.

- B. Administrative organization, set up with the objective of aiding the effective care of bed and ambulatory patients; serving the professionals and coordinating facilities and personnel to this end.
- C. Community organization for health purposes: for the local and regional correlation of agencies, institutions, and services; for health education; and for ensuring access to needed medical care by all persons without regard to race, creed, color, or national origin.

IV. Finance:

- A. Methods of payment by patients which tend to equate actual demand with medical need for both preventive and curative services.
- B. Methods of payment to physicians and other personnel which provide adequate net incomes, which encourage professional incentives in furnishing services and discourage financial incentives.

V. Education:

- A. Of the public - i.e., of potential patients, to appreciate the possibilities and limitations of medical services, to understand how to cooperate with the doctor, and to promote practices in diet, family life, occupation, and recreation which conduce to health.
- B. Of physicians and allied personnel, to promote understanding of persons and of society, as well as thorough training in the sciences and arts of preventing, diagnosing, caring for and studying disease."

The kind of plan we envisage would be national in scope. Comprehensive health care would be provided by virtue of a Dominion statute. The program would be financed wholly out of consolidated revenues. It would be administered by the provinces according to broad common rules but adapted to their special needs and circumstances. We favor such a plan because we feel that it would provide coverage simultaneously for all Canadians and avoid the time lags which occurred, for example, when old age pensions legislation was introduced in 1927. It would make for uniformity of treatment, both for the beneficiaries of the legislation and those who would be providing the services. It would do away with the plea of poverty which some of the provinces might make, and with some justification, and the temptation to introduce a piecemeal program.

There are already strong precedents for Dominion social security legislation: old age pensions, family allowances, unemployment insurance, veterans' allowances. In some respects they are easier to administer but ease of administration is not the sole or the best criterion in consider-





ing social security measures. We cannot conceive of any provincial Government for long failing to co-operate with the Dominion Government in setting up a health insurance program, especially when the cost to the province would be small.

We do not think it necessary to enter into the constitutional issues regarding health issues or into the minutiae either of legislation or administration. We do, however, think, it proper and necessary to point out that concrete proposals were made as long ago as 1945 by the Dominion Government to the provinces. (Proposals of the Government of Canada, Dominion-Provincial Conference on Reconstruction, 1945.) In its "Green Book", the Government stated that "Health insurance has been widely adopted because it is regarded as the best means of meeting and of distributing fairly the costs of illness and, in conjunction with preventive services, of improving the general health of the nation." In specific terms the Government proposed to provide the provinces with financial grants which would permit the introduction of health insurance in stages:

First Stage

General practitioner service

Hospital care

Visiting nursing service

Later

Other medical services (consultant, specialist and surgical)

Other nursing services (including private duty)

Dental care

Pharmaceutical (drugs, serums and surgical appliances)

Laboratory services (blood tests, X-rays etc.)

Subsequently it was proposed to substitute laboratory and radiological diagnostic services for nursing services in the first stage.

Following the 1945 proposals, a question was directed to the Dominion Government by the Government of Alberta and we quote the question and the reply, since the latter establishes an important principle:

"May the province in drafting its hospitalization and medical services plan arrange to charge individuals a small fee to prevent the abuse



of these services?"

"The proposals of the Dominion Government do not specify how the provincial share should be raised and do not preclude the charging of individuals a small fee to prevent abuse of health services as long as the principle of complete services being available to everyone independently of his ability to pay for them is maintained..." <sup>(emphasis ours)</sup> / (Dominion and Provincial Submissions and Plenary Conference Discussions, p. 386.)

It is a matter of more than regret that in 1955 the Prime Minister receded from the position taken by the Government in 1945 in the matter of the services available in the first stage. One might have expected a broadening rather than a narrowing of the scope of any health insurance scheme in view of the much greater popular demand for medical care. Be that as it may, we contend that the only effective kind of scheme is one that will provide comprehensive health care as we have defined it here.

If health insurance in Canada takes the shape of Dominion grants-in-aid to the provinces to cover both services and capital needs, we submit that such a Dominion-provincial arrangement should include the following:

(1) grants-in-aid of a proportion that will preclude the abstention of any province on the grounds that it cannot afford to finance the balance of the cost whether for services or capital needs;

(2) an agreement whereby each participating province will collect and make available to the Dominion Government prescribed statistical and other relevant data on the operation of the scheme, such as morbidity rates, cost distributions, etc. which would make possible proper evaluation of the effectiveness of the scheme as well as a proper audit of its administration;

(3) a comprehensive range of services;

(4) an administrative structure which will give due weight to the point of view of the beneficiary and the lay administrator, inclusive of an appeal procedure such as exists in other social security legislation, while recognizing the role and interests of the professional groups especially on matters on which they have technical competence.

(5) a program to increase personnel (especially dentists) in the field of health care and to provide for their proper distribution through-



out the country.

Much has been said about the cost of a national health insurance scheme. Indeed, the alleged high cost has been used to scare the very people to whom health insurance would have the strongest appeal. What is obscured by malicious propaganda and overlooked by the uncritical is that already large sums are being spent each year for medical care, by individuals directly or through prepayment, and by institutions and Governments.

A survey made by the Department of National Health and Welfare shows for 1953 an estimated total expenditure on personal health care and services of \$756,000,000. (Health Care in Canada, Expenditures and Sources of Revenue, 1953; published August 1955. Table I and Foreword.) The survey states that "it is estimated that in 1953 expenditures for personal health care and treatment, as well as the costs of operating public health and other technical services, voluntary agencies, and the sums required to improve and extend health facilities, reached well over \$900 million or approximately 5 per cent of the net national income."

This is an estimate of money that was actually spent, not an estimate of what should have been spent. What does it mean in terms of health insurance? It means not that a vast new sum would have to be raised in order to care for the people's health but that for the most part the amount of money now being spent would be redistributed as to its source. In other words, instead of the sick and their families bearing the brunt of illness, the cost would be spread over the whole population and collected more in accordance with ability to pay. We think it reasonable to suppose that there would be additional operating costs over and above the money already being spent since some would now be getting medical care they could not afford before and a marked increase in preventive care should be assumed. But the new money needed would, we believe, in relation to already existing expenditures, represent a relatively small increase. Furthermore, capital expenditures should ordinarily level off as the backlog of unfulfilled needs begins to be realized.

We shall not venture to predict the extent of capital requirements upon the introduction of health insurance, but we think that such require-





ments would include the following types:

(1) Additional hospital facilities. We have already made some reference to the shortage and unequal distribution of hospital beds. We believe that the present very active hospital building program would have to be continued in some provinces for some time. It is gratifying to know that capital expenditures on hospitals have gone up very substantially since the end of the war (Hospitals in Canada, p. 69.):

1945	\$22.3 Millions
1946	28.3
1947	33.1
1948	55.6
1949	71.4
1950	73.0
1951	79.0
1952	93.3
1953	118.3
1954	117.0 (estimated)

(2) Additional teaching facilities. If dental care is to come under a comprehensive health insurance scheme, as it must, the supply of dentists must be increased and a more effective distribution arranged. There must be more dental schools or an expansion in the existing schools to turn out more graduates. In addition, provision must be made for more of the varied and specialized kinds of personnel which are becoming part and parcel of the overall medical profession, not only the specialists within the medical profession, but the ancillary groups within and outside the hospitals: medical social workers, psychiatric social workers, dieticians, X-ray technicians, laboratory technicians, medical record librarians, dental hygienists, dental technicians, and so on. The new concept of medical teamwork, if it is to be effective, must count on an adequate and well-trained supply of the different members that make up the team.

(3) Additional special facilities. It seems reasonable to suppose that health insurance will require more in the way of rehabilitation centres and facilities, health research facilities, clinics and health centres generally. This fits into the definition of comprehensive health insurance which we have submitted. It is not enough to treat or to cure. Prevention and rehabilitation must be part of the program if it is to be fully effective.

Can Canada afford to add to the \$900,000,000 a year already being spent? The question might better be put: how long can Canada afford



not to transform her present hodge-podge, inadequate and inequitable medical care system into an effective national health insurance scheme?

Much has been said and written about Canada's great natural resources, and about her growth as a great manufacturing and trading nation. But when all is said and done, the first and most valuable resource of all is the people. Resources, whether in the ground or above it, or man-made, are but means to an end, and that end is the well-being of the people. Good health is both a means and an end. In terms of Canada's economic prospects, it can make those prospects better and more realizable to the extent that Canadian workers, Canadian farmers and fishermen, and all those others who make their home here and add to Canada's wealth, are able to enjoy good health in an environment conducive to good health.

It may well be that health insurance, even in this day and age, will strike some people as a major and radical innovation. Some will be inclined to resist it out of blind self-interest. We believe that the time has come when a change must be made in the health care of Canadians. To those who look too longingly to the past, we can only repeat the words of that great Olympian among medical men, Sir William Osler:

"Undue reverence for authority as such, a sorene satisfaction with the status quo, and a fatuous objection to change have often retarded the progress of medicine. In every generation, in every country, there have been, and ever will be, laudatores temporis acti, in the bad sense of that phrase, not a few of them, men in high places, who lent the weight of a complacent conservatism to bolster up an ineffectual attempt to stay the progress of new ideas."

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Since the preparation of our brief, the Dominion-provincial conference on health insurance has taken place. The Dominion Government has made a firm offer to the provinces to give financial assistance toward a hospital insurance scheme as soon as a majority of the provinces, representing a majority of the Canadian people, are ready to proceed. In addition, the Dominion Government requires that the scheme include specified diagnostic





services within the hospital to start with, and, in due course, outside the hospital as well. A grants-in-aid formula has been suggested which would have the effect of giving larger grants to the poorer provinces.

Having read our brief, the Commission is not likely to expect us to hail the Dominion proposal as the health insurance millennium. It is at best a first and a halting step in the direction of health insurance, assuming, that is, that enough of the provinces will accept it. The value of the proposal is much reduced by the fact that two of the provinces already have hospital insurance schemes covering 90 per cent or more of their people, while two others have schemes which cover, in one case, 36.5 per cent, and in another, 75 per cent of the population. All told, these four provinces are already providing prepaid hospital care to 19 per cent of the Canadian people. (Selected Public Hospital and Medical Plans in Canada, Department of National Health and Welfare, July 1955.) We think that as a first step the Dominion proposal should have gone considerably beyond hospital insurance plus diagnostic services.

Assuming that health insurance must come by stages, we submit that the degree of care at each stage should be clearly set out and that time limits be set so that the people of this country could anticipate a comprehensive programme of health care by the end of a given time. Such staging would furthermore provide a spur for the planning and preparation of facilities which may now be lacking, an adequate supply of dentists, for example. As matters stand now, the Dominion proposal contains no time limits whatever; the provision of diagnostic services would still remain a matter of negotiation.

We are opposed to so-called co-insurance or deterrent charges. Co-insurance is simply a euphemism for compelling the subscriber to bear a certain portion of the risk all by himself. It is one of those illusory terms dreamed up by the sales or advertising departments of the insurance companies to hide the fact that they are unwilling to insure against certain risks because there is no money in them. As for deterrent charges, obviously for a person who must be hospitalized, a charge of, say, one dollar a day, is not going to be a deterrent. It is just so much extra payment above his tax or premium. Deterrent charges are thus more accurately a regressive tax since



they place the cost, in part, at least, not on the whole population but only on those who have the misfortune to need hospitalization.

We are also opposed to the exclusion of "mental patients" from the proposal. According to the Canada Year Book, 1955, the number of "patient-days" in public hospitals in 1953 was 23,750,013. The number of "patient-days" in mental institutions was 23,540,602; almost exactly the same. True, the expenditure on mental institutions (\$57,229,007) was nothing like as large as on public hospitals (\$235,512,500); but we think the expenditure on mental institutions was almost certainly too low to give the care that should be given, with modern methods of treatment. True also, the provinces have hitherto been able, somehow, to shoulder this burden; but, again, we think there is little doubt that some of the services they have been providing have been inadequate, and that bringing them up to proper standards may well prove beyond the resources of the poorer provinces. Also, the official proposal excludes "mental patients", not "mental institutions"; in other words, there would be no assistance to public hospitals for mental patients who come to the mental health clinics which they are increasingly establishing, and which are, in our judgment, highly desirable.

We find that the recent conference does not substantially alter our views on health insurance as set out in our brief.



OTHER SOCIAL SECURITY MEASURES

Our apparent preoccupation with health insurance should not lead this Commission to conclude that we believe this is the only kind of social security this country should be concerned about. On the contrary, we believe that there is much to be done before Canada can boast of a comprehensive system of social security, adequate for the needs of its people.

Social security in Canada has been influenced by two conditions:  
divided jurisdiction and piecemeal growth. The first has meant a considerable diversification both as to the kind and quality of legislation, each province developing its own welfare programme in the light of its needs and outlook. Beyond stating that there are plenty of gaps to be filled and improvements to be made, we do not propose to deal with provincial legislation. We wish to make one point, however. The British North America Act has been amended to transfer jurisdiction from the provinces to Parliament in the case of unemployment insurance and old age pensions. It might conceivably be amended again if the situation warrants.

The fact that Dominion legislation has come into being on an ad hoc basis has meant that at all times there have been needs that were not being looked after. Apart from veterans' welfare legislation as a result of the first world war, no national legislation was enacted until 1927. At the present time, we have the following: veterans' pensions and allowances, old age pensions and old age assistance (the latter in conjunction with the provinces), allowances for the blind, family allowances, unemployment insurance, and disability allowances (in conjunction with the provinces). Still lacking are health insurance, income maintenance during illness and temporary disability and unemployment assistance for those employable unemployed not covered by unemployment insurance. In addition, we believe that the present legislation is deficient in many respects.

Income Maintenance During Illness and Temporary Disability.

Assuming that health insurance will some day make its appearance in Canada, the problem will remain of dealing with the loss of income that occurs when breadwinners become sick or temporarily disabled. For industrial workers, this is already looked after in part through workmen's compensation legis-





lation but is limited to injuries or illnesses occurring during or as a result of employment. There is also limited protection under the Unemployment Insurance Act for claimants who, after satisfying the conditions requisite for payment of benefit, fall ill during their benefit period. The Act, however, does not protect those who lose their jobs as a result of illness or who become ill before they have satisfied the prescribed conditions. Mention should also be made of the sickness and accident benefit plans which are available through insurance companies and of sick leave with pay plans which exist largely in the public services and in utilities. These too, however, fail to cope with the problem adequately for a number of reasons: (1) they have maximum benefit periods which in some cases are low; (2) the benefits themselves may be low; (3) the entitlement to benefit ceases upon separation from employment. Furthermore, there are still a considerable number of employees who are not covered by these plans.

It would, we believe, be relatively simple to introduce an income maintenance scheme at least for those who are now covered by the Unemployment Insurance Act. The administrative machinery is already in existence, as this could and should be done immediately, assuming Parliament has jurisdiction.

However, we do not think such coverage would go far enough. Other groups that might reasonably be considered as insurable under such a scheme are those still excluded from unemployment insurance and perhaps some of the self-employed. We think an income maintenance scheme should provide: (1) a period of payment long enough to include extended disability; and (2) payment in relation to earnings, and high enough to avoid a drastic drop in income for the beneficiary and his dependents.

#### Old Age Pensions

The present legislation, though satisfactory in its abolition of the means test, is inadequate; the age is too high and the pension too low. The age should be reduced at least to 65, and no argument is needed to prove that \$40 a month cannot provide more than the barest subsistence to those whose misfortune it is to have to rely on their pension alone.

#### National Industrial Pension Plan

Notwithstanding these criticisms, we are in favour of a basic



pension available as of right at a specified age. It is easy to administer and guarantee a minimum income to those who reach the required age. We believe, however, that this measure should be supplemented by an industrial pension scheme whereby additional pension rights could be established during a worker's working life, with the resultant pension bearing some relationship to the worker's former earnings. Such a scheme should be comprehensive in scope; it should be funded through employer and employee contributions; it should be administered by a public commission.

Much has been said of the effect of private industrial pension plans on labour mobility. We believe our proposal would tend to reduce these plans in importance, if not eliminate them, and thereby leave many thousands of workers free to change their jobs without risk of substantial monetary loss or loss of old age security. It would moreover bring pensions over and above the basic minimum to many workers working for firms which do not have pension plans.

#### Allowances for the Blind and the Disabled

The two schemes under this heading are based on a means test. We are opposed to the means test, believing that it is no more justifiable here than in the case of family allowances or old age pensions. If the income tax laws can deal with the well-to-do who get old age pensions or family allowances, presumably they can do the same with those who are blind or disabled.

Benefits should be higher for both these categories. There should be a broader definition of disability, to cover legitimate cases now unable to obtain assistance. Far greater attention should be paid to rehabilitation of the disabled than is now the case, since the aim should be to restore to self-sufficiency as many as possible both for their own sake and for that of the community which must otherwise support them.

#### Family Allowances

There was a time when organized labour feared family allowances as a pretext for keeping wages down. This fear has been dissipated. Family allowances have raised living standards among the poor and even among those who have managed to achieve better than a subsistence income. They could, however, be improved in at least two ways: (1) by maintaining or re-establishing their original purchasing power, seriously reduced since their intro-





duction in 1944; and (2) by making them available beyond the child's sixteenth birthday if he or she is still at school or college.

(All payments like family allowances and old age pensions should have some provision to maintain real purchasing power despite price increases. For people who depend in whole or in large part on a fixed income, the need for this is too obvious to be argued.)

#### Unemployment Insurance

Our views on this subject are far too extensive to be set forth briefly here and we do not wish to burden this Commission with an excess of technicalities. But there are a few plain points we think may properly be made: (1) the Unemployment Insurance Act should give greater coverage than now; there are still about 1,000,000 wage and salary earners outside it; (2) the relationship of benefit to previous earnings should be closer; (3) the conditions for entitlement should not be made so onerous as to exclude claimants who are genuinely in the labour market; (4) anomalous and discriminatory provisions aimed at certain groups of claimants should be eliminated, married women and hospital employees, for example.

#### General Assistance

There are large numbers of workers not covered by the Unemployment Insurance Act. Many are in uninsured occupations. Many others remain unemployed for so long that they exhaust their benefit rights. These people must be looked after. The municipalities have not the financial resources to do it. Neither have the provinces, in general. The Dominion Government has recognized this in its recent public assistance plan. But that plan, though a step forward, is not good enough. The exclusions are indefensible, and the Dominion contribution is too small, except, perhaps, for the wealthiest provinces in good years. But Dominion help is most needed for the poorest provinces and for bad years.

The exclusions are objectionable in principle. They tend to freeze the system of public assistance by categories, while the best modern social work theory and practice favour generalized assistance, on the basis of need alone, regardless of the cause of need. Even apart from that, there is no justification for excluding recipients of Mothers' Allowances, Old Age Security, Unemployment Insurance, Old Age Assistance, Blind Assistance, Disabled Assistance,



Payments under any of these would, of course, be counted in determining the extent of need; but, merely because a man is getting unemployment insurance benefit or an old age security payment, or a woman a mothers' allowance payment, is no reason for excluding him or her from the new assistance plan. The assumption seems to be that the unemployment insurance benefit or the old age security or mothers' allowance payment is certain to be large enough to meet the need. But it may not be. The number of dependents, the cost of living, and, in the case of mothers' allowances, the size of the payment may vary. What is enough for a man with two dependents will be hopelessly inadequate for a man with eight or ten. What is enough in a coastal village may be very far from enough in a metropolitan centre.

Where the Dominion is already paying half the cost, as in Old Age Assistance, Blind Assistance and Disabled Assistance, the argument presumably is that it ought not to be expected to pay twice. But, even if these categories were not excluded, it would not pay twice. Payments under them would be counted in determining need, and it would be only the uncovered need which would be dealt with under the new plan.

Subject to the criticisms just made, the Dominion's 50 per cent contribution may be satisfactory enough for normal times and wealthy provinces. But these can take care of themselves. It is when unemployment becomes abnormal that the provinces and municipalities need help; the poorer the province, the more it needs help; and the more abnormal the situation, the more help it needs. Dominion contribution should be not a flat 50 per cent, regardless of circumstances, but a graduated percentage, rising as the relief-load increases. This is the more important because the highest rate of unemployment is almost always found in the Atlantic provinces, where the provinces and municipalities are least able to carry the burden unaided.

The term "welfare state" has fortunately ceased to be used as a bogey. Canadians are not afraid that family allowances or some other such transfer payment must be paid for in regimentation. Experience has taught them that this is not so, and they are much too sensible to be taken in by that kind of appeal. Reluctant dragons though they may be, even the die-hards who dream of the good old days when there was nothing more than the poor laws,



are paying lip service at least to a broadening of Canada's welfare programme. The economic and other changes which have taken place in Canada since Confederation make a system of transfer payments a necessity, not a luxury.

#### CONCLUSION

This submission does not pretend to be an exhaustive statement of our position on all the matters which might be deemed to come within your terms of reference. On some of them, affiliates of one or the other Congress, or of both, have made representations. In these cases, we do not think it necessary to add anything, as we feel sure you will accord to what our affiliates have said the attention it merits. What we have tried to do in this submission is to place before you the views of the two Congresses on the matters, within your terms of reference, which we believe are of greatest importance to Canadian workers in general. We need hardly say that we shall be glad to answer any questions you think fit to put to us, and to furnish any supplementary information you may require which we are in a position to provide, whether on matters covered in this submission or on other subjects.

We should like to conclude by expressing our thanks for the courtesy and co-operation which the Commission and its staff have extended to us. We think the national stocktaking in which you are engaged can be of great value, especially if you make fully available to the public the material gathered not only in your hearings but from the special studies you have undertaken or commissioned. The first of all Royal Commissions in British history produced the Domesday Book. Your Commission can produce a Domesday Book for Canada, and something more: not merely a record of what is, but a prevision of what can be, what may be, and perhaps of what should be.

Respectfully submitted,

THE TRADES AND LABOR CONGRESS OF CANADA  
Claude Jodoin, President

Gordon G. Cushing, General Secretary-  
Treasurer

THE CANADIAN CONGRESS OF LABOUR  
A. R. Mosher, President

Donald MacDonald, Secretary-  
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SUMMARY OF THE  
JOINT SUBMISSION  
of  
THE TRADES AND LABOR CONGRESS OF CANADA  
and  
THE CANADIAN CONGRESS OF LAOUR  
to the  
ROYAL COMMISSION ON CANADA'S ECONOMIC PROSPECTS

Ottawa, Ontario,  
February 27, 1956.





Mr. Chairman and Members of the Commission:

The Trades and Labor Congress of Canada and the Canadian Congress of Labour, soon to be united in the Canadian Labour Congress, welcome this opportunity of appearing before you. You have our joint submission. We think, however, that it might be useful to summarize it now, before you question us on it.

On "the probable economic development of Canada" we have little, if anything, to add to the material you have already amassed. To your consideration of "the problems to which such development appears likely to give rise" we think we can make a useful contribution.

The first aim of our economic development should be the highest possible standard of living for all ordinary Canadians: maximum national income and fair shares. The second is the preservation of a free, independent Canadian nation, even at some economic cost. The third is the preservation of the historic communities which make up the Canadian nation.

We are not isolationist. We recognize Canada's responsibilities as a member of the Commonwealth, Nato, the United Nations and other international organizations. We are not anti-American: we recognize and accept the uniquely intimate relationship of the Canadian and American economies, and the best proof that we do is that most of our members belong to international unions. But we also believe that, within the limits set by the nature of the world we live in, Canada --- its Government, its industry and its unions --- should control its own destiny, and the best proof that we do is that our new Congress is to be an absolutely autonomous organization, affiliated to no organization outside the country except the International Confederation of Free Trade Unions, to which nearly all central Labour organizations in the free world are affiliated.

The whole existence of Canada rests on considerations not purely economic. If the Fathers of Confederation had followed straight economic reasoning, there would have been no Confederation. They would not have gone to Charlottetown and Quebec. They would have gone to Washington and asked to be let into the American Union.

But they wanted both to preserve and unite certain historic communities in a new nation, and they were prepared to pay an economic price



for it. That is why they built the Intercolonial and the Canadian Pacific. That is why they adopted the "National Policy". From a purely economic standpoint, all these actions were simply crazy. They only make sense in the light of a belief that we have in this country a nation that is worth preserving.

Why is it worth preserving?

First, because it is the only nation on this continent which has deliberately chosen not to break with its past, both French and British. The most important thing for Canadians about the American Revolution is that we refused to have anything to do with it. We deliberately chose to keep our roots. We have repeatedly reaffirmed that decision, notably at Confederation.

Second, because we are the only nation on this continent which has deliberately chosen to preserve not one heritage but two. The Americans chose to make theirs a nation of one language and one culture. We chose not to.

But the heritage the Fathers sought to preserve and extend was not only a French heritage and a British heritage. It was also the heritage of the historic communities in which those traditions were embodied. They wanted to build a united Canadian nation, but by developing, not destroying the parts. They would have repudiated instantly, and with horror, any idea that one province, one region, or a group of provinces or regions, should progress, while the others stood still, or fell back.

That is one reason why they created a federal union, and gave the provinces considerable powers. It is also one reason for measures like the Crow's Nest Pass Agreement, the huge expenditures on the St. Lawrence Waterway system, the Maritime Freight Rates Act, the vast grants, loans, subsidies and guarantees to railways. The principle that no province and no region must be allowed to fall far behind the national average is also one reason for the tax-rental agreements and the new Dominion financial proposals now being considered by the provinces, one reason for national unemployment insurance and family allowances and old age security, one reason why the Dominion is paying half the cost of old age and blind and disablement assistance.

The principle of a sort of national minimum rules out, from any consideration of Canada's economic prospects, any notion of letting any of



the historic communities disappear or dwindle into insignificance, or concentrating all our industry and people in the central and far western provinces where, perhaps, purely economic considerations might put them.

### Population

Immigration is the only factor in the growth of population over which society has much control. It is of vital importance to Canadian workers. We think we should state plainly our attitude towards it.

First, we are not against it. But we are not in favour of simply shovelling people in here as fast as ships can bring them. Immigrants are human beings, not spare parts. If there are no jobs for them, they cannot be stored till they are needed.

Second, we do not think it is possible to state a figure of the number we should bring in annually for the next five or ten years, or any other period. Too many factors in the situation may change, and change abruptly. Our immigration policy must, above all, be flexible.

In short, we are in favour of an immigration policy based, as the present policy explicitly is, on the country's capacity to absorb immigrants. Immigration policy must be related to housing policy and other social investment policy, and to employment. For these and other reasons, we have repeatedly urged the Government to set up an Immigration Advisory Committee, representing employers, workers, farmers, welfare agencies and so forth, to keep immigration policy and administration under constant review, as the Unemployment Insurance Advisory Committee does unemployment insurance. We still think such a committee should be established.

### Distribution of Population

If things are left to themselves, the concentration of population in the central and far western provinces may become even more marked than it is now. But the growth in population and the new discoveries and new technologies give us an opportunity to occupy Canada in depth, to decentralize, to spread our population and industry more evenly within the present ribbon of settlement and beyond it. The development of oil, natural gas and atomic energy, and the approaching exhaustion of easily accessible hydro power in southern Ontario, open the way for regenerating the economic life of the





Maritime provinces, building up industry in the north, and fostering industrial growth on the Prairies.

#### Productivity, Automation and Full Employment

There are no satisfactory Canadian productivity figures. There ought to be. Only the Government can provide them. It should start at once, especially as the onset of automation will make the whole subject far more important, notably in industrial relations.

Automation deserves an inquiry to itself. Even in the United States, where immeasurably more has been written on the subject than here, there is general agreement that further research on a large scale is essential. Our submission contains over five pages of the specific things the American experts think should be investigated there; and in Canada there are additional problems arising out of our proximity to the United States.

Unemployment figures in 1955 did not respond satisfactorily to the upsurge in production, and the prospects are that unemployment this March will be the third worst since the war. This situation needs careful watching. Full employment is an essential prerequisite for solving any employment problems automation may raise. It is essential anyway, but becomes, if possible, even more so if automation unemployment is to be piled on top of the other kinds we already have.

Full employment means as many jobs as there are workers. It does not mean that at any given moment everybody must have a job. People must be free to change jobs. Industries must be allowed to grow and decline. We cannot undertake to preserve a carriage and wagon industry in an automobile age.

At any given moment, therefore, there will be some people out of work, even if there are as many jobs as workers. Some people will have just left one job and not yet found another. Some of the jobs available may be the wrong kinds or in the wrong places. Fitting the workers to the jobs, or getting the jobs to the workers or the workers to the jobs, may be an enormous task. But if there are enough jobs to go round, the indispensable condition for solving these problems is present. If there are not, then even if all the right measures are taken to handle the detailed problems, there will still be an unemployment problem, and a wholly intractable one.



So the first thing we have to do if we are to cope with automation is to establish and maintain general full employment. This is primarily the task of the national Government, by the familiar measures of monetary policy, tax policy, tariff policy, public investment policy, surplus and deficit financing, Dominion-provincial financial arrangements, social security policy.

Part of the responsibility for maintaining general full employment also rests on the trade union movement. The highest wages industry can afford are absolutely essential to the maintenance of consumer purchasing power, on which, ultimately, the whole economy depends. If unions did not continually press for such wages, they would be derelict in their duty not only to their members but to the nation.

#### Making Full Employment Real

Unemployment is a problem not only of the number of jobs but of the kind, and where they are.

Everyone agrees that automation will make some skills obsolete. Everyone agrees it will create a demand for new skills. Everyone agrees that automated industries will need a smaller and smaller proportion of unskilled and semi-skilled workers and a larger and larger proportion of professional and skilled workers.

In short, there will be many new job opportunities. There will also be a large supply of people to take advantage of them: young people, the displaced unskilled and semi-skilled, the displaced skilled workers whose skills have been taken over by the machine. But to bring the opportunities and the workers together will require training and re-training. Government and Management will have to do this. The schools will have to give the young people the mathematics and other basic subjects which will enable them to understand the new jobs. Government, or Government and Management together, will have to do the same sort of thing for displaced workers. Management will have to do a lot of systematic training on the job.

And while people are being trained and re-trained, they have to eat. This means more scholarships and bursaries. It means maintenance, by Management, of displaced workers whom it is re-training. This is part of the social cost of automation, which ought to be borne by those who introduce the new processes for their own profit.





Re-training the oldest workers may be impossible. Their unexpectedly early obsolescence is another of the social costs of automation. At least part of it should be borne by Management in the form of adequate severance pay. This should be supplemented by higher old age security payments, available earlier, or by suitable changes in industrial pension plans, or both.

#### Location of Industry

Where the new jobs are is particularly important in Canada, with its vast distances and its two cultures, especially since unemployment is very unevenly spread. It is usually much the heaviest in the Atlantic provinces, next heaviest in Quebec, lightest in Ontario. On the face of it, the sensible thing to do is to move workers from the Atlantic provinces and Quebec to Ontario. But this would mean scrapping a lot of social capital. It would also mean weakening two of the historic communities we want to preserve. Bilingualism won't get around the French-Canadian part of this either: it would take too long. At the last Census, only 31 per cent of French-Canadians were bilingual, and only 3.8 per cent of the rest of us. Clearly it will take some time to get even the majority of the French-Canadians bilingual, let alone a majority of the rest.

Besides, it is not just a question of language. It is also a question of institutions: schools, hospital systems, the Civil Law and the Common Law, etc. Even if we were all bilingual, these differences would remain. Most of us want them to remain. We don't want to see Quebec made into the likeness of Ontario, or Ontario into the likeness of Quebec, even a bilingual Ontario or a bilingual Quebec. Wholesale migrations either way would require a whole series of difficult adjustments.

There is room for assisted migration, within a region, or even in some cases between regions. There may be cases where there is nothing else to do. But in our judgment, it is, from every point of view, much better to bring the industry to the workers. It avoids waste of social capital, seen in its most acute form in the ghost town. It avoids social disruption. It preserves communities with a valued and valuable tradition. And it may well be economic, from the point of view of the nation, though not of the particular firm.



The particular firm, left to itself, will go where it will make the most profit. If that involves ghost towns, the cost, as a rule, does not fall on the firm. If building the plant in a new place involves building a whole lot of housing, schools, etc., little or none of the cost of that falls on the firm. There may be a marked discrepancy between the private interest and the public interest, even in pure economic terms.

All this becomes even more important in the context of automation. From Management's viewpoint, it may often be cheaper to build a completely new plant somewhere else than to automate an old one. Unions can, to some extent, stop this by getting the guaranteed annual wage, and by insisting on company-wide seniority. But they may not have enough of the workers organized; and getting the GAW and company-wide seniority may take much too long. Governments will have to step in to see that the employer's private profit does not take precedence over the public interest.

They can offer firms tax concessions or other financial inducements to stay in, or go to, areas which might be officially designated as "special areas". This would be like the United Kingdom policy for areas like South Wales.

Then the Governments, particularly the Dominion Government, could channel their purchases to firms which went to, or stayed in, the "special areas".

Third, the Dominion could subsidize freight rates to and from such areas, as, in effect, it has already done.

Fourth, the Dominion could subsidize the provision of power in power-poor "special areas".

We suggest the Maritime provinces might be designated a "special area". They made enormous and essential contributions to the founding of the Canadian nation. They have always paid their share of the cost of national development. They have never got their fair share of the proceeds, and they deeply resent it. They are not only still far behind the rest of the country, economically, but, in general, have been falling farther behind since the end of the war. It is not good for Canada that any region should be in this position.



### Dominion-Provincial Finance

Three principles should guide national policy here:

(1) The Dominion must have enough taxing power to control the trade cycle. No other Government or combination of Governments can do it.

(2) All the provinces must be placed in a position where they can carry out the responsibilities assigned to them by the Constitution, and give their citizens approximately the same services as those of the richest provinces. This means the poorer provinces must get help from the national Treasury. That means the national Treasury must have enough taxing power to get the necessary revenues.

(3) Any arrangements arrived at must scrupulously respect, to the highest possible degree, the autonomy of the provinces within their constitutional sphere. We do not want to see Canada made into a League of ten sovereign States, merely associated in a Canadian Commonwealth of Nations. We want one nation, but one nation which respects and cherishes the two traditions upon which it rests. We want to preserve and develop a federal system which serves the whole nation and all its parts.

### Processing of Raw Materials in Canada

We are in favour of as much processing of our raw materials in Canada as possible. We recognize that the principle is not always easy to apply, notably because the American tariff often lets in our raw materials free and shuts out our finished products. We understand you have commissioned detailed studies of a series of industries. We urge that wherever such studies show it can be done, you will recommend the fullest possible processing of Canadian raw materials in Canada.

### Canadian Power for Canadian Industries

Even if we often have to let the Americans have our raw materials, we do not have to let them have our power. This policy has been consistently applied to hydro power. We think it is the right policy, and for other kinds as well, notably natural gas. But here it does not seem to have occurred to our national Government that the policy steadfastly adhered to for hydro power has any application. Indeed, it does not seem to have occurred to the Government that the policy of Canadian control of the lifelines of Canadian





economic existence, long ago adopted in the building of the CPR, has any application either. For that principle, Macdonald fought against what must have seemed hopeless odds, and finally triumphed. If he had not, none of us would be here to-day; and if Canadians to-day are not prepared to make the same fight, against much smaller odds, the future economic development of Canada will be severely and needlessly handicapped, and we shall find ourselves watching American industry grow fat, at the expense of our own industry, on our cheap gas power.

We think the trans-Canada pipe line ought to be built in Canada. We think it ought to be controlled by Canadians. We think it ought to be publicly owned. We think the gas should be made available first to Canadians and Canadian industry, and we should export only what we do not need ourselves.

The present proposal violates every one of these principles except the first. It provides for a line with the cheap and profitable part built by private enterprise, the costly and unprofitable part by public enterprise, with the whole thing controlled by Americans primarily for Americans, and with every prospect of a very long delay before we get even the meagre share of the gas it offers to Canada. We have given you over two pages of facts about the scheme, and six pages of reasoned argument against it. Our conclusion is that it is a gigantic give-away of a priceless and irreplaceable natural resource; a deadly threat to the future economic development of Canada, and a double threat, since it involves not only starving Canadian industry of power it needs, but feeding American industry with what is withheld from our own. The delay in securing the approval of the Federal Power Commission provides the Government with an unlooked for and undeserved opportunity of extricating the country at the eleventh hour from an impractical and improvident scheme, and doing now what it ought to have done in the first place: build the line as a public enterprise. Nothing less will discharge its duty to the Canadian people.

#### Domestic and External Markets

For the growth of the domestic market, what is needed is high and rising levels of employment and income. If the working population of Canada has enough jobs, and enough purchasing power, the domestic market as a whole will look after itself. There may well be shifts within it. The market for



services is almost certain to expand faster than the market for goods, the market for "luxuries" faster than the market for "necessaries". There will also be shifts resulting from changes in taste and new discoveries. Our desire for security for the nation's workers in no way implies a desire for a freezing of the present industrial pattern. We believe wholeheartedly in a dynamic economy.

Indeed, we believe the trade union movement has been one of the main forces in making and keeping the economy dynamic. Unions have forced employers to look for and adopt technological advances, instead of relying for profits on naked exploitation of underpaid labour. By raising living standards, unions have expanded the economy; by stabilizing income through social security and other full employment measures for which they are largely responsible, they have helped to stabilize the economy, making sure that expansion should take place at a reasonably steady rate, not in a devastating series of booms and depressions. By collective bargaining, they have broken the despotism of the employer in the plant. By all these activities, and others, they have given both our economy and our political institutions a stability, solidity and depth which they could never have achieved otherwise.

Some critics say union policies are a danger to the stability and orderly progress of the economy because they are necessarily inflationary. The argument often runs that wage gains are illusory because they are all swallowed up by price increases. This would mean that increases in real wages are impossible. But the official wage and price indices show that from October 1949 to April 1955, real wages had risen almost 20 per cent.

#### External Markets

External markets are of enormous importance to us. Our per capita trade is the largest in the world. We have equipped ourselves to produce and ship far more of our export staples than we could ever consume ourselves. We must export. We must also import, for there are many foods and industrial raw materials we cannot produce here at all, or can produce only in inadequate quantities or exorbitant cost, or both.

We think the prospects for growth in the external markets for our export staples are excellent, despite our present difficulties in selling





enough wheat at satisfactory prices. We hope that export markets for more of our manufactured goods will open up in the future. The chief obstacles are the United States tariff, economic nationalism in the underdeveloped countries, and external control of some potential export industries.

We are uneasy about the proportion of our trade that takes place with the United States. It is the biggest and fastest growing market in the world, but perhaps may turn out to be also the most unstable.

#### Tariff Policy

We want the largest possible area of reasonable, unfettered international trade. We want to expand our markets in the underdeveloped countries, and in Japan, industrialized but with a low standard of living. These millions do not now constitute an effective demand for our exports. They are too poor. Their standards must be raised. The two Congresses have vigorously supported every form of international action to do this, including the efforts of the International Confederation of Free Trade Unions to organize the workers in underdeveloped countries.

But raising standards in the underdeveloped countries and Japan will almost certainly take a long time. Meanwhile, some of our own industries, notably rubber footwear, textiles and some sections of the ladies' garment industry, face serious, sometimes disastrous, competition from the grossly underpaid labour of certain Oriental countries. This is a situation which is likely to continue and spread. The Government and people of Canada have got to make up their minds what they are going to do about it.

Exactly

If they decide to let such industries go to the wall, the workers in them must be looked after. They must be re-trained, moved if necessary, pensioned off if they are too old to move or be re-trained. If letting the industries die is judged to be in the national interest, the nation, which gets the benefit, must also bear the cost.

But letting such industries die may not be in the national interest. Getting the product as cheap as possible is not the only consideration. Getting it at all is no less important. If we become dependent on Hong Kong for our rubber footwear, and war cuts us off from Hong Kong, we shall suddenly find ourselves very hard put to it. There is also the cost of abandoning



social capital in the places where the domestic product is made, or the cost of inducing other industries to come in, or of moving the workers out.

If the country decides to keep these industries alive, it can do it without violating GATT, without insulating Canadian industry from external competition, without building an insurmountable wall against the products of the underdeveloped countries. Most of the latter are raw products which do not compete with ours. Japanese manufactures often do compete. We recognize that Japan must export manufactures to live; if she can't export, she will almost certainly go Communist. In our own long-run interest, we mean that we shall have to take a substantial quantity of Japanese manufactured goods.

But this does not mean we have to take unlimited quantities of anyone's manufactured goods. Competition from plants paying lower wages than ours is one thing; it may be largely offset by higher productivity here. But competition from labour that is virtually unpaid, as in the Hong Kong rubber footwear industry, is, we think, in a different category. We suggest three methods of dealing with such competition. We are not wedded to any particular one. What we do insist on is that a policy should be worked out which does not leave Canadian workers naked to the blasts of competition based on starvation labour.

#### External Ownership and Control of Canadian Industries

External investors, notably American, control about a third of Canadian business, especially mining, manufacturing and public utilities. American companies control the automobile, rubber, oil, nickel, aluminum, copper, iron ore and asbestos industries.

What harm does this do?

(1) By direct control and through patents, American companies prevent Canadian firms from exporting. In the automobile industry, the wholly owned subsidiaries of American firms export only when it suits the convenience of the parent concern. Ordinary economic factors are not allowed to operate. Government policy does not even come into the picture.

(2) Automation might mean that an American parent company, having automated its American plant, might find it cheaper to close its Canadian branch and ship direct from its American plant.



(3) The proposed trans-Canada pipe line provides another example of the perils of American control.

(4) American firms, in some cases, give their Canadian employees as little as possible of what they give their American employees, and as late as possible, and only when well prodded or kicked into it. We give examples.

(5) Wholly owned subsidiaries of American companies do not publish financial statements. This leaves unions and the public in the dark. This does not make for realistic union demands; unrealistic demands could have very serious effects for the workers and for the economy. This situation should be ended, promptly.

#### Alleged American Control of Canadian Unions

Over 70 per cent of Canadian trade unionists belong to international unions, with their headquarters and most of their membership in the United States. The Canadian membership make their own decisions and run their own affairs. But the relationship is none the less unique, and has been a perennial subject of uneasiness, real or feigned, among Canadian employers, some groups of Canadian workers, and considerable sections of the general public. We examine ten charges often brought against international unions in Canada. Fair samples are that international unions can order Canadian workers out on strike to serve American ends (this is wholly false; they cannot order anyone out on strike for any purpose); that international unions put ideas like the guaranteed annual wage into Canadian workers' heads (if they had belonged to purely national unions, it would presumably never have occurred to them that Canadian workers have to have food and clothing and housing all the year around, just like American workers); that international unions hamper our industrial development by demanding American wages in Canadian plants (actually, very few unions in Canada have demanded wage parity, and then only for what they considered good and sufficient reasons in the particular industry concerned; and the gap between American and Canadian wages has, in most instances, been narrowing only very slowly, and has often actually widened in the last four years); that international unions take large sums out of the country (actually, probably at least half the dues stay with the local union; much of what "goes" to international headquarters doesn't cross the border at all but is deposited in Canadian banks; and very large payments, probably larger than what go out, come in for strike relief, etc.).





Labour-Management Relations

Good union-management relations are important to Canada's economic development, notably because of their close relations with productivity and living standards.

Certain principles lie at the root of good union-management relations.

(1) The right to strike is a basic civil liberty, as basic as the right of association or free speech.

(2) Bargaining in good faith is indispensable.

(3) Informed bargaining is no less so. All companies, American or Canadian, public or "private", of any size, ought to be compelled to publish their financial statements. All Governments should publish reports of their Conciliation Boards and of arbitration cases within their jurisdiction. The Dominion publishes Conciliation Board reports. Quebec does likewise, and also publishes awards in the industries where arbitral decisions are binding. Ontario, the other chief industrial province, publishes nothing. It could and should.

(4) There should be effective settlement procedure. In the Dominion and most of the provinces, the present procedure is slow and cumbersome, and the long delays are weighted against the union, and often serve as "hotting up" rather than "cooling off" periods.

(5) Jurisdiction should lie where it can be effectively exercised. But in such nation-wide industries as pulp and paper, meat packing and some parts of the steel industry, a single union, confronting a single company, has to go through eight or ten different conciliation processes, wasting the time and money of both sides and delaying a settlement. We think this state of affairs should be ended by Parliament declaring the plants of such industries "works for the general advantage of Canada", and so bringing them under its own exclusive jurisdiction.

We are emphatically opposed to compulsory arbitration, for reasons which we have set forth at some length, among them that it does not prevent strikes, as Australian experience abundantly proves.

No society is free in which unions are not free. They bring a measure of representative government into the otherwise hierarchically or despotically run corporation. They convert the worker from a commodity into a human being, with status and voice. They remove the imbalance between the large and powerful corporation and its employees, who, when unorganized, are nothing but "the disordered dust of individuals". Whether Canadian industry will be marked by strife or by accord between Labour and Management will depend in large measure on Governments' and Managements' attitude to unions. Canada's economic prospects as a consequence will depend on whether the trade unions continue as free agents in a free society, or only half-free.



### Possible Requirements of Social Capital

The growth of cities and the expected growth in the ratio of automobiles to population convinces us that the municipal, provincial and national Governments will have to do some careful planning, and the senior Governments will have to help the municipalities bear the burden of their traffic problem.

The amount of money needed for new schools and more teachers is so large that neither the municipalities nor the poorer provinces can raise it. National help is necessary, without, of course, any interference with the provinces' exclusive control over education.

In housing, it now appears that we may eliminate the backlog in about a decade. But there is still a need for cheaper owned homes, for subsidized low rental housing, and for repairs and the provision of ordinary amenities to the hundreds of thousands of houses which lack them. We make certain proposals on this subject, of which most, if not all, have been made before, to the Government and at least one parliamentary committee, and therefore hardly require to be summarized here.

### Transportation Policy

On transportation policy, our main recommendation is that the Dominion Parliament should exercise its jurisdiction over international and interprovincial highway traffic, and place such traffic under the Board of Transport Commissioners, so that rail and long distance road traffic should be placed on an equality, and each should do the job it can do most economically. The national Government's present abdication of its constitutional responsibility for long-distance highway traffic <sup>is</sup> /unfairly hampering the railways and contributing to the serious and recurring disputes between the railways and their employees.

When railway workers ask for better wages and conditions, the railways plead inability to pay (caused at least partly by highway competition), and the railway workers, having exhausted the conciliation process, declare their intention of exercising their legal right to strike, what happens? The Government says that "in the national interest" it cannot permit a strike. But when it comes to regulating trucks and buses, "the national interest takes a





back seat".

We have added a list of the recommendations on shipping which we placed before the Royal Commission on Coastal Trade.

#### Health Insurance

We have devoted over twenty-five pages of our submission to health insurance. We have done so because we are convinced that good health and the availability of adequate health care facilities are of the greatest importance to productivity, and a large ingredient in the standard of living Canadians may expect to enjoy. We shall not attempt to summarize the evidence we have assembled on this subject. We shall content ourselves here with stating our conclusion and our recommendations.

Our conclusion is that only a national scheme of health insurance, administered by the state for the people can effectively meet the need. We should prefer a scheme financed entirely by the Dominion out of consolidated revenue and administered by the provinces. It would provide coverage for all Canadians simultaneously, and prevent provinces from hanging back on the plea of poverty. If, however, as seems more probable, a national scheme here takes the form of national grants-in-aid to provincial schemes which meet certain standards, then we think the plan should make sure of the following:

- (1) Dominion grants large enough to bring all the provinces in;
- (2) provision by the provinces to the Dominion of prescribed statistical and other data on the operation of the scheme;
- (3) a comprehensive range of services;
- (4) a proper say for the patient and the layman in administration;
- (5) provision for increasing personnel, especially dentists.

If there are to be "stages", there should be time limits for each "stage".

We see no reason to believe that the cost of a comprehensive national scheme would be excessive. Present expenditures on health probably run to over \$900,000,000 a year. Health insurance, in the main, would mean not so much new money as spreading the cost over the whole population, and more in accordance with ability to pay.

The healthier our people, the better our economic prospects. Health



insurance is the best way to get a healthy people.

#### Other Social Security Measures

Besides health insurance, we need income maintenance during illness and temporary disability. We need better old age security: the age should be lower and the benefit higher. We need a national industrial pension plan, which would make a notable contribution not only to workers' welfare but to labour mobility. We need better allowances for the blind and disabled, without means test. We need to restore the former purchasing power of family allowances, and to continue them as long as the child is in school or college. We need to extend the coverage of unemployment insurance, bring benefits up nearer earnings, and get rid of various narrow and discriminatory provisions. We need a comprehensive general assistance plan, with the Dominion bearing much more of the financial burden than it is now willing to assume.

#### Conclusion

We have not tried to cover in our submission all the matters which might be deemed to come within your terms of reference. On some of them affiliated unions have made representations, to which we feel sure you will accord the attention they merit. What we have tried to do is to place before you the views of the two Congresses on the matters which we believe are of greatest importance to Canadian workers in general. We shall, of course, be glad to answer questions and to furnish any further information to the best of our ability. We think the national stocktaking you are engaged in can be of great value. The first of all Royal Commissions in British history produced the Domesday Book. You may be producing a Domesday Book, and something more, for Canada: not merely a record of what is, but a prevision of what can be, what may be, and perhaps of what should be. We hope we may have been able to make a modest contribution to your work.

Respectfully submitted,

THE TRADES AND LABOR CONGRESS OF CANADA

Claude Jodoin, President

Gordon G. Cushing,  
General Secretary-Treasurer.

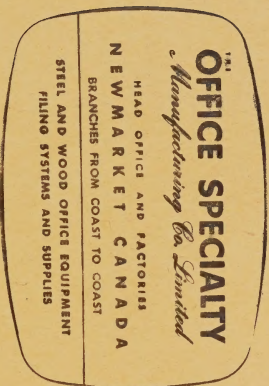
THE CANADIAN CONGRESS OF LABOUR

A. R. Mosher, President

Donald MacDonald,  
Secretary-Treasurer.







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